

UDC 73



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Annual Report of the New York State
Urban Development Corporation
1973



A report to Governor Malcolm Wilson from the Urban Development Corporation for the period January 1, 1973 to December 31, 1973.

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The President's Statement

By the end of 1973, UDC had made significant progress in partnership with more than 50 cities, towns and villages in New York State.

The year saw the continuing evolution of those relationships, encouraged by the physical attainment of over 33,000 housing starts and 5,900 apartments in occupancy, but, at the same time, tempered by cutbacks in Federal subsidies and amendments to the Corporation's legislative mandate.

After four exciting years of continuous growth, UDC had to settle for a year of consolidation in 1973. The choice was imposed on us and, of course, on many others by a Federal decree from Washington.

By the end of 1972, we had started over 30,000 units of housing, of which 12,000 were begun in 1972 alone. More than \$1 billion of construction was underway. Many projects were completed. Some had begun occupancy. Others were renting up. Our commercial and industrial activity was growing, and our three new communities were shifting from planning to construction.

As 1973 began, UDC was poised to set new records in development activity generally. These expectations were shattered on January 8, 1973, when then U.S. Housing and Urban Development Secretary George Romney announced, on behalf of the Administration, a moratorium on all Federal housing and community development programs. The stated reason for the moratorium was the Administration's dissatisfaction with the existing housing and community development legislation and its resulting programs. As a direct result of the moratorium, UDC housing starts, instead of rising as planned to a 1973 level of 15,000 units or more, dropped to less than 3,500.

Unfortunately, the Congress and the Adminis-

tration were and remain in sharp disagreement on the form and extent of Federal housing subsidies. As a result, State and local and private housing and community development programs have been drastically slowed down. Urgently needed housing has not been built.

As I said when the moratorium was announced, it seemed regrettable that the existing programs were curtailed so drastically when no alternatives were ready to take their place. To me it is as clear now as it was in 1949, when the landmark national housing and urban renewal legislation was adopted, that the unaided operations of neither private enterprise nor State and local government can provide an adequate supply of decent, safe and sanitary housing for low and moderate-income families. Nor can these unaided operations root out the slums which blight the lives of so many millions of Americans, including well over a million New Yorkers.

There are, of course, some who say that the "city problem" has been solved. A brief walking tour in the South Bronx, Brownsville or Harlem should convince any open-minded person of the opposite.

In testifying before the Congress, I have urged modifications and adjustments in our basic housing and community development legislation. At the same time, I have also stated repeatedly my conviction that



"There are . . . some who say that the 'city problem' has been solved. A brief walking tour in the South Bronx, Brownsville or Harlem should convince any open-minded person of the opposite."

the basic need is for adequate levels of assured Federal funding and a program commitment from the top that would emphasize getting the job done; that is, getting rid of slums and providing decent housing for all instead of an unending process of launching and discarding new programs, inadequate, stop-and-start funding and administrative nitpicking. So far, the United States has never had that kind of commitment from the national government, no matter which party was in office.

Federal Red Tape

The moratorium not only stopped the flow of new projects. For a time, it also seemed to jeopardize projects which we had every reason to believe had preliminary Federal approval. It is due to considerable effort by Governor Rockefeller that administrative assurances of subsidies were firmed up. With a major staff effort, actual subsidy contracts were executed.

The Federal red tape on such matters is now more cumbersome than it has ever been in my experience. This is a sharp alteration in course from the practice under Secretary Romney, whose delegate and get-it-done approach resulted in an unparalleled amount of Federally aided housing and community development production.

As 1974 begins, disagreement between the Administration and the Congress still remains. We are hopeful that by the end of the year, the Administration and the Congress will agree to some compromise which will permit Federal housing and community development programs to start up again.

The impact of the moratorium on UDC has not been limited to a depletion in our pipeline and a reduction in housing starts. We were forced to curtail staff, and we face 1974 with prospects of a sharp decline in our fee income as a direct result of the drop in housing starts.

Maintaining Momentum

We have requested an increase in our State appropriation to compensate for this loss in income, which lessened our ability to pay our own way. We proposed that the appropriation be used to fund our ongoing operations and to prepare a pipeline of housing developments which could be started within 60 to 90 days of the time Federal funding resumes. We estimate that time to be no more than a year from now.

Working in close cooperation with local governments and community groups, we have identified over 12,000 housing units on some 64 sites in 27 different communities which UDC could start when Federal subsidy funds begin to flow again.

There are two other alternatives. One is to use borrowed funds for this purpose. We think that would be unfair to our bondholders. The other alternative is to suspend development activities entirely, concentrate on housekeeping activities and put the other functions in mothballs. The other alternatives are not real. The urban market for unsubsidized housing, particularly in New York City, is quite limited. By

Internal Revenue Code requirements, only 10 percent of UDC tax-exempt bond funding can be used for industrial or commercial projects.

Therefore, we were particularly pleased when Governor Malcolm Wilson, in his Annual Message, said that in order “to promote housing for low-income families” he would, among other things,

“— take action to assure that State housing agencies, notably the Urban Development Corporation, will be able to take full advantage of any resumption of the Federal housing program by continuing to undertake preliminary planning on needed housing projects requested by local government.”

In another part of the Message, he said: “No sensitive and concerned citizen of New York could be anything but appalled by the wretched housing in which so many thousands of our people live. The home, the neighborhood, is where our hopes are molded. A decaying slum builds only frustration, despair and resentment. I am determined to do all in my power to improve housing for the poor.

“While conditions are bad, they would be immeasurably worse were it not for the extraordinary housing job being done by the State’s Urban Development Corporation, supplementing the programs of the Division of Housing and Community Renewal.

“But State and local agencies lack the huge financial resources to do the job on the scale demanded. The key to housing lies in Washington.”

Budget Message

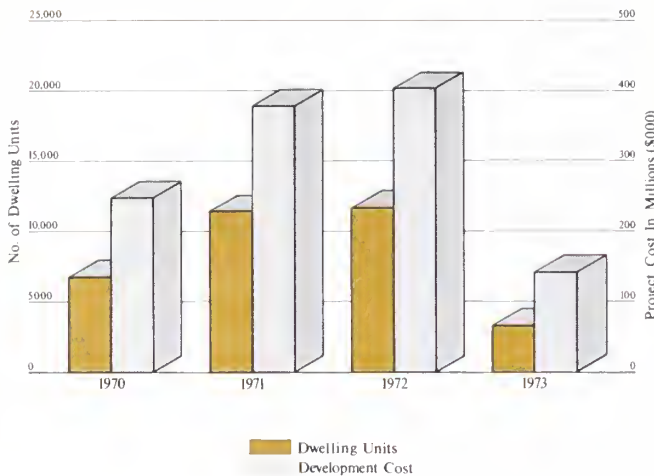
Of equal significance was the Governor’s Budget Message to the Legislature. The Governor said:

“I ask your cooperation in devising ways to solve the State’s housing problems — many of them critical — in the absence of sustained Federal help. We shall continue to look to the Federal government for the new national policies without which it will be impossible to address the total housing needs of our citizens.

“In particular I urge support of the work of the Urban Development Corporation (UDC), which in

Construction Starts

Dwelling units and development costs per calendar year



only five short years has been able to plan and construct 31,580* housing units in 42* communities.

“UDC’s housing projects have taken advantage of Federal programs to aid low- and moderate-income families. However, on January 8, 1973, the Federal government announced an 18-month moratorium on housing subsidies which raises particularly pressing problems for UDC. Pending the adoption of new Federal policies and programs, now under consideration by Congress, UDC must maintain sufficient staff to handle 149 projects in operation or under construction. It should also be in a position to resume its previous rate of activity in housing development whenever new Federal decisions are announced.

“To offset to some degree the consequences of delayed or cancelled projects and disruption of staff, I am therefore recommending a one-time State appropriation of \$12.4 million for the Urban Development Corporation.”

We are hopeful indeed that the Legislature will accept this recommendation and we, of course, will work with all possible diligence to obtain such Federal funds as may be made available during the coming year.

*As of the end of the UDC fiscal year, Oct. 31, 1973. Other parts of this report note that there were 33,192 UDC dwelling units completed or in construction in 50 communities. Notation supplied.

In one sense at least, the cloud of the moratorium did have a silver lining. In our first five years of existence, we concentrated on developing a capacity to move quickly to get our job done. We think we have demonstrated that capacity. The slowdown in housing starts in 1973 provided management with the opportunity to focus more attention on those activities which become more important as developments are completed and occupied, and the time came to start gathering in the money to pay off the interest and amortization on our bonds.

Expanded Financial Division

Thus, in 1973, we greatly expanded the Finance Division and brought in outstanding new talent to head it up. Much improved accounting systems were established. Financial information flowed faster. Cash flow projections improved. Final cost certifications began. Funds began to flow in from the housing companies and from Federal subsidies which had been committed before the moratorium.

UDC is now well on its way to developing a highly sophisticated financial program, aimed, among other things, at providing the financial community with needed or desired financial information. We owe a deep debt of gratitude to UDC’s Executive Vice President, John G. Burnett, for the extraordinary way he managed a most difficult transition period. In addition to his other duties, he served as Acting Chief Financial Officer, directing the preparation of an audited financial statement, a bond offering statement and recruiting the new financial team.

At year’s end, 7,975 units were ready for occupancy, and UDC’s Department of Housing Management and Regulation had expanded. Although UDC’s housing is privately owned and managed, UDC has the obligation to oversee that management for the life of the mortgage. Since we make 95 percent mortgage loans and the life of the mortgage is 40 years, this is a very serious matter. We have asserted an active and even aggressive responsibility in supervising the rental and management activities of more than 100 private housing companies. It is our conviction aggressive regulation can avoid the pitfalls that have affected too many FHA-insured, moderate-income housing developments.

As is detailed in the main body of this report, UDC continued its strong emphasis on affirmative action and urban design. For example, we are responsible for a larger dollar volume of work for minority contractors and subcontractors than is any other organization private or public, in New York State. We also received more design awards in one year, so far as we know, than any other housing organization, public or private.

One other important event deserves comment. At its creation in 1968, UDC was endowed with unique powers to override local building and zoning codes. Although these powers were used against the will of local governments only three times in five years, they became perhaps one of the most controversial issues in the 1973 session of the Legislature.

Legislative Changes

These powers had been granted reluctantly in the first place, and every year there were efforts to remove them. Our proposed Nine Towns Program in Westchester finally proved to be the catalyst to generate sufficient pressure so that a change in the law was adopted giving village and town governing bodies the power to veto projects. Since adoption of this amendment, UDC has had two projects vetoed and three approved. It appears likely that we will be more successful in getting elderly housing approved for the suburbs than family housing. Frankly, it appears that with the restriction on our powers in the suburbs, the fear and hostility about the Corporation have greatly dissipated.

While it is my own personal conviction that with continued growth and rising housing costs some form of fair sharing of moderate and low-income housing is desirable, it is extremely unlikely to occur in today's political climate, or for the foreseeable future.

Whatever the consequences may be to the larger society as well as to the families who need such housing, it seems clear at this time that America is not ready to deal with that problem in a positive way.

As we look ahead to 1974, we can see an expanded role for UDC in industrial and commercial development, more production of housing for middle-

income tenants that can be provided without Federal subsidies, and a rapid growth in our three new communities.

But the crucial question in 1974 is when and on what scale Federal assistance will again be available so that we can resume building housing for low and moderate-income families. This effort can only be carried forward when we can join Federal assistance with our own resources.



Edward J. Logue
January 23, 1974

Buffalo Mayor Stanley M. Makowski and UDC President Edward J. Logue during a short cruise along the City's waterfront.





1973 Highlights

In 1971 and 1972, for the first time in New York State's recent history, enough new homes started construction to replace those being demolished or abandoned and to supply the new households being formed. Then in 1973, just as all records were being broken, this race to build needed new housing was abruptly slowed.

For UDC, the moratorium on Federal housing programs, announced in January, 1973, signaled a sharp decrease in the volume of housing starts. By the year end, its five-year track record stood at more than 33,000 homes completed or under construction in over 50 municipalities across the State. But the 1973 pace was one-fourth that of 1972 when construction began on 12,500 housing units. Ironically, UDC was ready to achieve a production level of 15,000 to 20,000 units a year at the time the Federal moratorium was imposed.

To a much lesser extent, State legislation curbing UDC's powers in towns and villages also contributed to the slowdown. On Long Island, despite a four-year effort by Wyandanch residents to build new housing in their hamlet, the Babylon Town Board vetoed a proposal for 182 moderate and low-income apartments. But this type of reaction was not universal. Three other suburban communities — the Town of Haverstraw in Rockland County, the Village of Hamburg in Erie County and the Village of Wellsville in Allegany County — endorsed construction of UDC residential developments.

The pace did not slow everywhere, especially in commercial, industrial and civic development which was unaffected by the freeze. In an eastward sweep across the State, construction began on significant developments in several metropolitan areas stretching from the Niagara Frontier to New

The 152-unit Centerville Court development, nearing completion in the Village of North Syracuse.



York City. In Niagara Falls, ground was broken in the Rainbow Center renewal area for a 420-room hotel, designed to complement an adjacent 8,000-seat, UDC-financed convention center. To coordinate all the resources focused on the 82-acre, \$200 million Rainbow Center development, UDC and City officials formed a new UDC subsidiary, the Rainbow Center Development Corporation (RCDC), chaired by former State Senate Majority Leader Earl W. Brydges.

Another UDC subsidiary was also formed during the year in Western New York — the Audubon Development Corporation. Directed by State and local government officials and residents of the Town of Amherst, the new Corporation is directing development of a \$500 million new community outside Buffalo.

Planning for Audubon, whose eventual population will reach almost 30,000, was initiated at the request of Governor Rockefeller to cushion the im-

pact of a new State University campus being built in Amherst. In 1973, work started on sewers, roads and other utilities, as well as on 24 townhouses which should begin occupancy by mid-1974. These long-awaited construction starts followed years of negotiations with the Town and affected school districts, which culminated in the signing of separate contracts and the dropping of all lawsuits brought against UDC. There were lighter moments as well: playing fields were made available for a newly formed Audubon Junior Soccer League, and trails on the northern part of the 2,000-acre site were used by a mini-bike club.

In UDC's other upstate new community, being built for 18,000 people in the Town of Lysander outside Syracuse, industrial development took a major step forward in 1973 with the announcement that the Jos. Schlitz Brewing Co. would build a new plant on a 188-acre site. In fact, it will be the world's largest new brewery, capable of producing 5.8 million barrels annually.

September saw progress in both of UDC's new communities upstate. In Audubon, (at left) Fenton Harrison, President, Williamsville Central School District Board of Education, signs contract with UDC, represented by David Parker, President, Audubon Development Corporation. In Lysander, (at right) a new health-care facility opened.



The new community began physically serving the area-at-large in September when doors opened on the Chestnut Ridge Health Services Center, an ambulatory health-care facility designed to treat 400 patients throughout northwest Onondaga County. The center, the first of a series of outpatient facilities in this part of the State, is sponsored by a non-profit corporation representing the four major Syracuse hospitals.

South from Lysander, along the State's border with Pennsylvania, residents of flood-stricken Chemung and Steuben Counties also began seeing physical evidence of UDC assistance. On June 23, exactly one year after Tropical Storm Agnes, construction began on 175 homes and a 20-store commercial plaza in the City of Elmira and the Village of Painted Post. In three other communities, where the local governments asked UDC to act as their urban renewal

agency, funding applications submitted to Washington were approved and the acquisition process largely completed.

In August, construction started on a new library and office building for the Newburgh Board of Education, which will be terraced down a hill overlooking the Hudson.

Down the Hudson in New York City, where UDC traditionally does half its housing business, there were, again, no record-breaking statistics. But, among others, construction began on a three-story youth center in the Bronx, a 446-unit housing development on upper Fifth Avenue, and a 1,400-pupil school to serve the East Harlem community. In June, ceremonies attended by City and community officials marked the start of construction in Brooklyn's Marcus Garvey urban renewal area. This project's significance extends beyond its 626 moderate and low-in-

Construction started in August, 1973, on a new library and office building for the Newburgh Board of Education.



come apartments, although sorely needed by Brownsville residents. Its low-rise design, which accommodates the density needed to build economically in cities, may have wide application both in New York and other urban centers.

In New York City and elsewhere in the State, the effects of the Federal moratorium were not without irony. As the pace of the new UDC construction slowed, the tempo of occupancy more than doubled. By the end of 1973, some 5,900 UDC apartments were occupied, compared with under 2,400 in 1972, and many developments had waiting lists of potential tenants.

In June, the 355-unit Lionel Hampton Houses became the first UDC development in Harlem to receive families. By late fall, over 6,000 applications for its apartments were on file. The 1,655-unit River Park Towers development in the Bronx, not sched-

Harlem residents waiting to apply for an apartment in Lionel Hampton Houses, a week before the development opened.



uled to open until the summer of 1974, already had more than 5,000 families seeking apartments. The 600-unit Schomburg Plaza project in Manhattan, scheduled to begin occupancy in late spring, 1974, had more than 3,100 applications.

The same story was echoed outside New York City. For instance, in Yonkers, as apartments were completed, families began moving into Lamartine Townhouses, the first UDC development to open in the City. By late fall, with the 21 townhouses long since fully occupied, another 28 families were waiting for a vacancy to occur.

Because the need for new housing crisscrosses the State, planning for new residential developments moved forward in 1973, despite the uncertainty of funding.

A 100-unit complex for families and the elderly in central New York, planned at the request of the City of Cortland, was awaiting necessary subsidies. Work progressed on plans for 115 apartments in the Broadway-Fillmore section of Buffalo, a self-contained residential and shopping area first settled by Polish immigrants.

Altogether, as of December, 1973, some 12,000 potential units requiring subsidy assistance have been identified. Assuming interim seed money is available, these units could be advanced in the planning pipeline to be ready for construction.

Divorced from the need for this type of subsidy are major business developments.

In Albany, where a UDC land purchase helped build the new Greyhound Bus Terminal, which opened in May, 1973, the Corporation signed a lease with the State Office of General Services and reached agreement with the Albany Savings Bank as tenants of the planned commercial complex in the four-block Ten Eyck urban renewal area. A local firm was also selected to develop the bank and office building, while Ramada Inns agreed to develop a 300-room hotel. In Troy, a two-phase construction program of retail and office space moved forward when a developer was chosen for the commercial portion of the project, and relocation of the affected merchants began in 1973.

New proposals for civic and commercial developments were also made during the year. A "Syracuse-USA" report, jointly financed by UDC, the City, Onondaga County and the Metropolitan Development Association, contained specific recommendations for further economic and cultural rejuvenation of downtown Syracuse.

In New York City, the State Racing and Wagering Board proposed a \$275 million sports complex, which would be built by UDC on a platform over the Penn Central railroad yards in Sunnyside, Queens. The proposed complex is now the subject of a feasibility study. The proposal calls for a 30,000-seat thoroughbred racetrack, an 80,000-seat football stadium, a 1,000-room resort and convention hotel, and parking for over 20,000 cars. The proposal followed a study, prepared in 1971 by UDC, which called for a combination of residential and office space over the yards. Construction plans were postponed, how-

ever, because of the City's high vacancy rate in new office space, and uncertainties regarding Federal housing subsidies.

The October announcement of the Sunnyside proposal came just two months after the opening of another sports amphitheatre in New York State — the 80,000-seat Rich Stadium in Erie County on the Western Frontier. Construction of the stadium was based on a feasibility study prepared in 1971 by UDC at the request of the County Legislature.

While 1973 was marked with uncertainty because of the Federal moratorium and the amendments to the UDC Act, one thing was still certain. On-going, working relationships between the Corporation and scores of municipalities continued to grow and strengthen. Those relationships should help set the pattern for future development elsewhere in New York and maximize the State's benefit from future Federal programs. □□

1973 — a record year for the Buffalo Bills and O. J. Simpson in their new home, the 80,000-seat Rich Stadium which was built on the basis of a UDC feasibility study.



Calendar 1973 Construction Starts

Residential

REGION	UNITS	EST. PROJECT COST (\$000) *	CON- STRUCTION START
NEW YORK CITY REGION			
Brooklyn/Marcus Garvey	626	\$28,278	June
Brooklyn/Schermerhorn-Pacific	991	52,301	December
Manhattan/East 106th Street & Fifth Avenue	446	20,967	July
Manhattan/UPACA, Site 7	134	5,336	December
BUFFALO-NIAGARA			
Audubon/ Area 2A	180	4,725	August
Hamburg/Creek Bend Heights	130	3,534	October
Wellsville/Hillside Homes	45	1,033	July
ROCHESTER			
Rochester/Ibero-American	154	4,444	June
CENTRAL NEW YORK			
Lysander/First Stage	152	3,723	December
SOUTHERN TIER			
Hornell/Maple Court	81	1,891	October
Elmira/Eastgate Homes	102	2,323	June
Painted Post/Village Square Apts.	75	1,975	June
SOUTHERN REGION			
Haverstraw/Cosgrove Avenue	180	5,549	December
Middletown/Pilgrim Woods	150	4,820	April

*As of Sept. 30, 1973

Non-Residential

REGION	EST. PROJECT COST (\$000) *	CON- STRUCTION START
NEW YORK CITY REGION		
Bronx/Webster Avenue Youth Recreation Center	\$ 1,690	May
Bronx/I.S. 137	12,621	October
Bronx/P.S./I.S. 229	13,450	December
Manhattan/P.S. 50	6,968	June
Queens/Arverne Storm and Sanitary Drainage System	3,307	July
Roosevelt Island/Sewage Pumping System	525	September
Roosevelt Island/Storm-Water Drainage Line	185	March
BUFFALO-NIAGARA		
Audubon/2A Infrastructure I	200	February
Audubon/2A Infrastructure II	1,800	June
Niagara Falls/Rainbow Center Plaza	5,400	December
Niagara Falls/Rainbow Center Hotel	11,000	May
ROCHESTER		
Rochester/Monroe County Fairgrounds Arena	2,400	August
CENTRAL NEW YORK		
Lysander/Stage 1, Rd-5 (Industrial)	300	April
Lysander/Health & Medical Facility Family Health Center	234	July
Lysander/Stage 1, Rd-4 (Residential)	1,394	August
Lysander/L-1 Greenways	242	August
Lysander/L-5 Lake #1	248	June
Lysander/L-2 Swimming Pool	321	August
Lysander/L-9 Community Road Planting	124	October
Lysander/L-3 Phase 1, Planting	57	October
SOUTHERN TIER		
Ithaca/Seneca-Tioga Parking Structure	1,829	April
Painted Post/Comeback '72 Urban Renewal Project	5,873	April
Painted Post/Mall	1,754	June
SOUTHERN REGION		
Newburgh/Library-Office Building	3,500	August

* As of Sept. 30, 1973

UDC Construction Summary

	1970 Residential Starts		1971 Residential Starts		1972 Residential Starts	
	Units	Est. Development Cost (\$000)*	Units	Est. Development Cost (\$000)*	Units	Est. Development Cost (\$000)*
NEW YORK CITY (including HUDC and RIDC)	4,022	\$175,034	6,384	\$253,730	4,341	\$203,624
OTHER REGIONS: Sub-total	2,895	80,252	4,920	139,552	7,184	199,546
Audubon	—	—	—	—	—	—
Buffalo-Niagara Frontier	998	30,471	198	5,818	508	15,168
Rochester	300	7,232	2,078	52,541	3,668	90,208
Syracuse-Central New York	200	5,326	723	16,841	576	13,414
Lysander	—	—	—	—	—	—
Northeast	503	12,753	299	7,870	547	14,022
Southern Tier	519	14,707	212	5,987	—	—
Southern Region	375	9,763	1,410	50,495	1,885	66,734
TOTALS:	6,917	\$255,286	11,304	\$393,282	11,525**	\$403,170

*Cost estimates as of Sept. 30, 1973.

**Excludes three developments, totaling 1,014 units, which began in 1972, but ceased construction in 1973.

1973 Residential Starts Units	Est. Development Cost (\$000) *	1970-1973 Residential Starts Units	Est. Development Cost (\$000) *	1970-1973 Non-Residential Starts Projects	Est. Development Cost (\$000) *	Residential and Non-Residential Totals: Est. Development Cost (\$000) *
2,197	\$106,882	16,944	\$ 739,270	17	\$ 77,767	\$ 817,037
1,249	34,017	16,248	453,367	34	107,448	560,815
180	4,725	180	4,725	2	2,000	6,725
175	4,567	1,879	56,024	3	43,214	99,238
154	4,444	6,200	154,425	4	9,376	163,801
—	—	1,499	35,581	2	24,600	60,181
152	3,723	152	3,723	15	9,302	13,025
—	—	1,349	34,645	2	4,025	38,670
258	6,189	989	26,883	3	9,456	36,339
330	10,369	4,000	137,361	3	5,475	142,836
3,446	\$140,899	33,192	\$1,192,637	51	\$185,215	\$1,377,852

UDC - Greater Rochester: Economic and Residential Development in the Genesee Valley



Rochester, N.Y., headquarters for some of the world's best-known corporations.



This red brick structure has been home for Bausch & Lomb, producers of optical equipment, for more than a century.

For more than a century, the red brick Bausch & Lomb plant on St. Paul Street stood for what makes Rochester different.

The building, a combination plant and corporate headquarters, reminded all that Rochester was not a “branch office town.”

The company, like Eastman Kodak and Xerox, grew from modest beginnings here to conduct large international operations from Rochester headquarters. Since its birth in 1853, the company had become the world’s largest and best-known producer of optical products ranging from contact lenses to precision microscopes. In recent years, the company’s soft lenses and other innovative products joined the Instamatic camera and the Xerox copier in bringing the name of Rochester to the consumer and securities markets of the world.

By the 1970’s, the company had become important in another way. Several corporations — Gen-

eral Dynamics, Hickok, Fashion Park Clothiers, R. T. French — had left for other parts of the U.S., and a slow economy had forced others out of business. (Only continuing expansion of B&L, along with that of Eastman Kodak, Xerox and several other Rochester firms, kept employment at its traditionally high level in the area.)

And, after B&L had moved some manufacturing facilities out of New York State, speculation mounted that it could no longer sustain operations in the century-old facility.

The rumored relocation of B&L from Rochester never took place.

In the spring of 1973, B&L and UDC’s subsidiary, UDC-Greater Rochester, Inc., began discussing ways that UDC could help B&L dispose of its old plant, and buy and renovate a vacant General Dynamics plant on Goodman Street. That goal was within reach by mid-July when B&L Chairman Daniel



Under an agreement with UDC, Bausch & Lomb will relocate most of its Rochester facilities to this Goodman Street plant, once owned by General Dynamics.

Schauman announced a proposed agreement by which the company would lease the Goodman Street plant for 30 years if UDC would buy it. The same proposal provided that UDC would buy the old B&L plant on St. Paul Street and lease it back to B&L.

Different parts of the community expressed their support. At a public hearing, speakers unanimously endorsed the proposal. They included representatives of the Chamber of Commerce, the Industrial Management Council, the City of Rochester and Monroe County, as well as people from the immediate Goodman Street neighborhood.

The final agreement, concluded in September, provided for the purchase of the St. Paul Street plant by UDC for \$150,000 and its lease back to B&L for four years. Under the agreement, B&L will relocate all but its glass plant in its new facility. UDC has bought the General Dynamics plant and land for \$4.2 million, and leased it to B&L for 30 years, with options to buy. UDC will pay \$2 million to renovate the plant, and B&L will air-condition it.

The other results:

- re-use of the abandoned General Dynamics plant;
- retention of B&L and its 5,000 jobs in the City for the 30-year lease period;

— orderly redevelopment for industrial re-use of the St. Paul Street property by UDC; and

— physical and economic upgrading of the area near the Goodman Street plant.

The relocation of B&L within Rochester was the most recent and certainly one of the most important results produced by UDC-Greater Rochester, an enterprise joining UDC with the people of the Greater Rochester community, their industries and their agencies, public and private.

Since its founding in 1970, UDC-Greater Rochester has produced needed jobs and housing in an eight-county area which includes Monroe, Orleans, Genesee, Livingston, Ontario, Yates, Seneca and Wayne.

The job-producing development included the purchase and successful marketing of an industrial park on the site of the once-abandoned Penn Central Car Shops in East Rochester. The park reached full occupancy in 1973. At another site, once used as the City's landfill, the subsidiary has completed some \$6 million in public improvements for another industrial park, and sold or leased nearly 15 percent of the 218-acre site.

The housing program started formally in 1970

with an agreement with the City to build 7,500 new housing units in Rochester.

By early 1973, plans for close to 9,000 housing units in the regional area had been completed by the subsidiary and its 18-member Board of Directors, which represents a cross section of community and government units like the Rochester City Council, the Monroe County Legislature and other bodies in the eight-county area.

Beyond Monroe County, UDC has working agreements in Wayne County for housing and industrial development; in Ontario County for downtown renewal in Canandaigua, and elderly housing in Clifton Springs; and in Genesee County elderly housing and a senior citizen's community center in Batavia.

By year-end 1973, the subsidiary had begun or completed construction of 6,700 units. But events which took place during the year had an effect on UDC-Greater Rochester's program for future housing development.

The moratorium on spending Federal housing subsidies, announced on January 8, 1973, delayed or postponed the start of construction that would have been well underway by the year end. The impact of 1973 amendments to the UDC Act, which granted villages and towns power to reject proposed UDC developments, made it evident that only by extra-close cooperation with local governments could UDC-Greater Rochester hope to complete its suburban program.

But, during 1973, the momentum from Federal funds committed before the moratorium and from established local relationships enabled UDC-Greater Rochester to go forward with its extensive housing program.

Moving toward completion sometime in 1977 was the Southeast Loop, a \$100 million understanding between UDC and the City of Rochester, which will be home for 7,500 people. Emerging from a 60-acre urban renewal area, its 2,400 UDC-sponsored



Industrial development figures importantly in Rochester's present and future. Traditionally, the community has enjoyed one of the highest employment rate levels in the United States.

units (800 each for low, moderate and middle-income people) and the 700 privately financed luxury apartments and cooperatives will house 24-hour-a-day people who will provide a new, very much needed market for downtown businessmen.

This new town, downtown, will include a day-care center, a new elementary school, a live theatre, professional and general office buildings, ground floor boutiques and sidewalk cafes. At the heart of the development will be a five-acre, \$4 million park designed by Lawrence Halprin. The park is a city project on which construction began in 1973. It will include a play field, fountains, sculpture and quiet sitting areas.

As a result of their ongoing relationship, UDC-Greater Rochester and the City have reduced substantially a shortage of low-cost housing for Rochester's large elderly population. UDC has agreed to build 2,500 subsidized elderly and handicapped apartments on scattered sites which the City will buy and sell to UDC. In the last three years, 1,600 units were begun. The first generation of these, begun in 1971, was completed or near completion in 1973. Among them: Cedarwood Towers on the East side with 206 units; Lakeview and Riverview on the North side with another 355 units; Midtown Manor, the first building in the Southeast Loop with 200 units; and Averill Court with 264 units; and Pinnacle View on the South side with 407 units.

UDC-Greater Rochester has worked closely with non-governmental service and community organizations such as Southside Seniors and the North East Area Development Organization (NEAD).

The Southside Seniors, a division of the South East Area Coalition (SEAC), selected sites for UDC elderly housing, helped develop site plans and recruited future tenants.

The Genesee Gateway urban renewal project got underway in early 1973 with a neighborhood party sponsored by SEAC and UDC. The Gateway will provide 1,200 units for families as well as the elderly on a riverfront site just south of downtown. It will offer a larger proportion of three and four-bedroom apartments to accommodate large families.



Construction of the Southeast Loop new town, downtown, is well underway. It will be home for 7,500 Rochesterians.



UDC and the City of Rochester have begun construction of 1,600 apartments for the elderly in the last three years. Among those nearing completion is Pinnacle View which overlooks the City's South side.



Elderly residents meet in the library room in Midtown Manor, the first building completed in the Southeast Loop.



Southview Towers, an apartment building for families of moderate and low income, completed in 1973.



Phillips Village in Webster, one of the developments begun by UDC outside the City.



An elderly couple relax in the living room of their Midtown Manor apartment.



Coloney Camp, once home for migrant workers and former migrants.



Carlken Manor. Former migrants who lived in Coloney Camp now reside in these UDC townhouses.



Sam Thompson who led the campaign to build Carlken Manor accepts flowers from visitors to the development.

The City will build a riverfront park to provide recreation areas for the residents, and the Rochester Transportation Authority will re-route buses to the development.

NEAD performed similar tasks at Cedarwood Towers and also supported the plan to buy the General Dynamics Building and to lease it back to B&L.

In the Rochester Model Cities area, St. Simon's Episcopal Church is a joint developer with UDC in a housing program for families and the elderly. Its pastor, Canon St. Julian Simpkins, has worked closely with UDC to produce sorely needed housing.

In the same neighborhood, UDC and the Ibero-American Action League are building "Los Flamboyantes," a 154-unit development which will be the first apartment project to be owned and operated by the Puerto Rican Community anywhere in upstate New York. Domingo Garcia, Executive Director of the League, is now working toward a Puerto Rican art and cultural center which has been planned as part of the development.

During 1973, there was no more satisfying enterprise for UDC-Greater Rochester than the one it undertook with the Sawyer Road Action Committee in the Town of Kent in Orleans County. The committee members and its leader, Sam Thompson, were

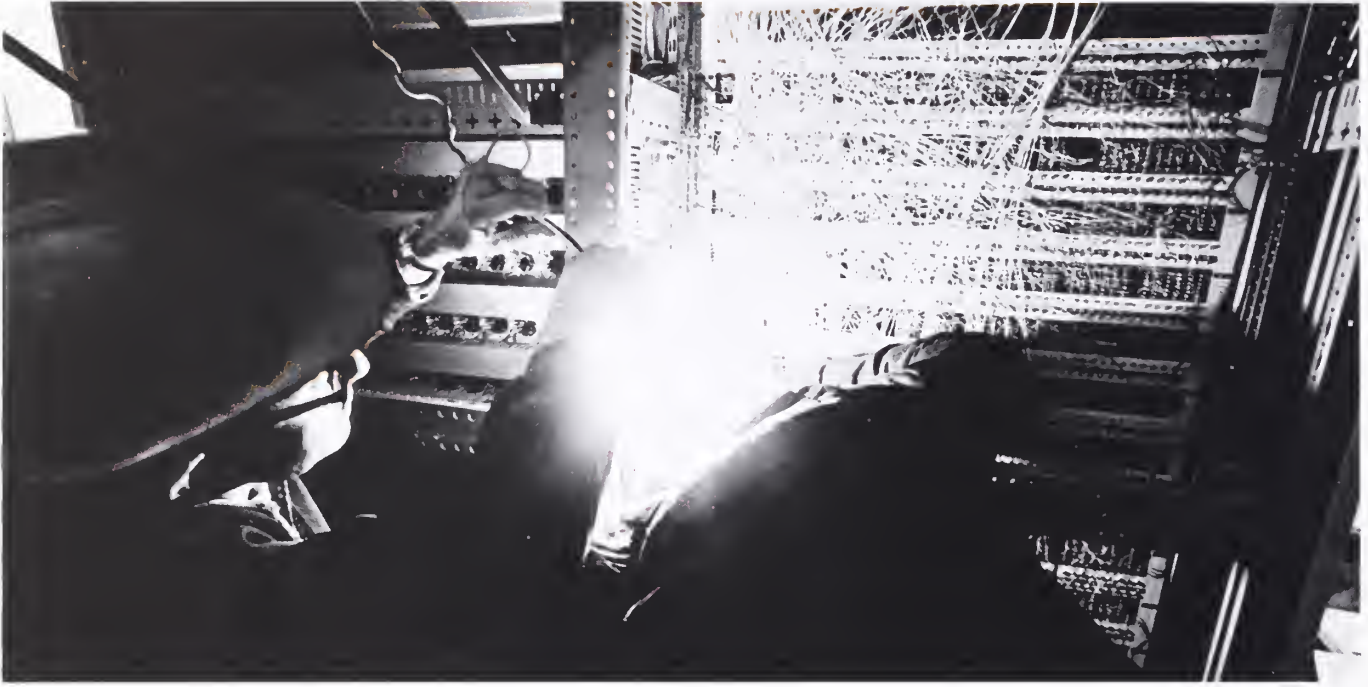
once migrant workers who had settled permanently in Orleans County. Their home: a cluster of ramshackle, rat-ridden shacks — described as the worst migrant worker camp in New York State.

Under Thompson, a man of large frame and spirit, the committee worked first with then Senate Majority Leader Earl W. Brydges who brought the plight of the people at Coloney Camp to the attention of Governor Rockefeller. The Governor asked UDC to help.

Sam Thompson's dream became a reality on a warm Saturday night in June, 1973. The Sawyer Road Action Committee hosted a grand opening on that night for Carlken Manor, a development of 50 townhouse apartments. Mr. Thompson, along with a large party of local and State officials, cut the ribbon, welcomed the first 37 families and supervised the bulldozing of shacks that had been home for many of the same families. Now all 50 units are rented.

Carlken Manor is UDC's smallest development in number of units, but it is one of the most needed. And, while 1973 was not a year for breaking numerical records, it was a year for doing some important things — for building decent homes for former migrants in Orleans County and helping keep some jobs on St. Paul Street. □□

Industrial Development: Helping Win Jobs and Revenue



Workers at the East Rochester Industrial Park, which reached full occupancy in 1973. After the Penn Central Railroad abandoned the car shops located there, UDC built the infrastructure for the park and marketed its sites.

In Newport, a quiet hamlet in New York's Mohawk Valley, a large Borden factory which made instant coffee closed in 1971. The shutdown cost Newport and nearby parts of Herkimer county 125 jobs.

In the City of Newburgh, an odd, dog-leg shaped land parcel offered an empty reminder of that City's need for new industry.

Across the Hudson, the City of Beacon wanted to change a vacant 69-acre parcel, adjacent to Matteawan State Hospital, into a tax-producing property.

In the Village of East Rochester, the old Penn Central car shops could attract no new users after the railroad abandoned the once-thriving facility. Not

far away in Rochester itself, a city garbage dump blighted a prime industrial location near an interstate highway. Near downtown Rochester, the Bausch & Lomb optical company had outgrown its century-old building. The company's departure would have cost the City 5,000 jobs.

On West 45th Street in Manhattan, an 11-story loft building stood vacant in the nation's first city.

But by year end 1973, all these properties were or would soon be back on the job and tax rolls, thanks to the industrial development efforts of State and municipal agencies, UDC included.

Moving under its statutory mandate to retain and develop jobs and plants and other industrial installations, the Corporation has made its resources

and capabilities available to the Department of Commerce, the State's principal marketer of business opportunities.

Coordinated efforts by both agencies have helped both municipalities and private firms in financing, planning, building and plant operation. The properties involved included abandoned factories, urban renewal land and other parcels difficult to package and sell in the normal industrial market. The results: the winning or retention of more than 7,000 jobs and considerable additions to the tax base of several municipalities.

Here's how UDC helped in five communities.

In Newport, the abandoned coffee processing plant had attracted the attention of Mohawk Data, producer of computer materials. Mohawk liked the plant but did not want to divert normal cash flow to buy and renovate the plant. The company sought help from the State Department of Commerce which brought UDC and Mohawk together. Under an agreement reached in late 1973, UDC will buy the factory and lease it to Mohawk. One result: 400 new, permanent jobs for Newport and Herkimer County over the next few years, a net gain of 275 over the number employed by the Borden plant.

In Newburgh, the City wanted to develop industry to go with the 375 residential apartments which UDC had built at the City's request. A marketing and development program by the Department of Commerce and UDC attracted the Miron Lumber Company, which is now building a facility in Newburgh's urban renewal area. Tri-State Canada Dry will also locate there.

The City of Beacon asked UDC to find the best way to develop a vacant parcel, which had no water, sewage or electric infrastructure, near Matteawan State Hospital. UDC completed all necessary infrastructure in 1973. The plan, accepted and supported by Mayor Robert L. Cahill, provided for 300 units of market rate, fully taxed, single-family houses and a 35-acre industrial park, with a five-acre recreational buffer in-between. A private developer has agreed to build the market rate homes. By year end 1973, the industrial park was more than 50 percent marketed,



Graphic artist in the New York Industrial Condominium, an experiment which allows smaller-sized companies in the industry to own part of a loft building in mid-Manhattan.

with Chemprene Corporation, maker of industrial belts, occupying 20 acres. A Knights of Columbus recreational facility will occupy the buffer parcel.

The Village of East Rochester called on UDC to undertake intensive development of the Penn Central's abandoned railroad shops, which consisted of old buildings and unused land. UDC found that successful marketing of the shops would require a roadway with separate driveways to each parcel. The Corporation bought the car shops, built the road, installed utilities and marketed an industrial park on the site. During 1973, the industrial park reached full occupancy, and demonstrated its capacity for generating new jobs and tax revenues.

The City of Rochester approached UDC with a formidable industrial marketing problem: how to convert a garbage dump into an industrial park. UDC funded feasibility and planning studies, and established a parcel grid permitting the maximized use of the land at prices within reach of small industrial

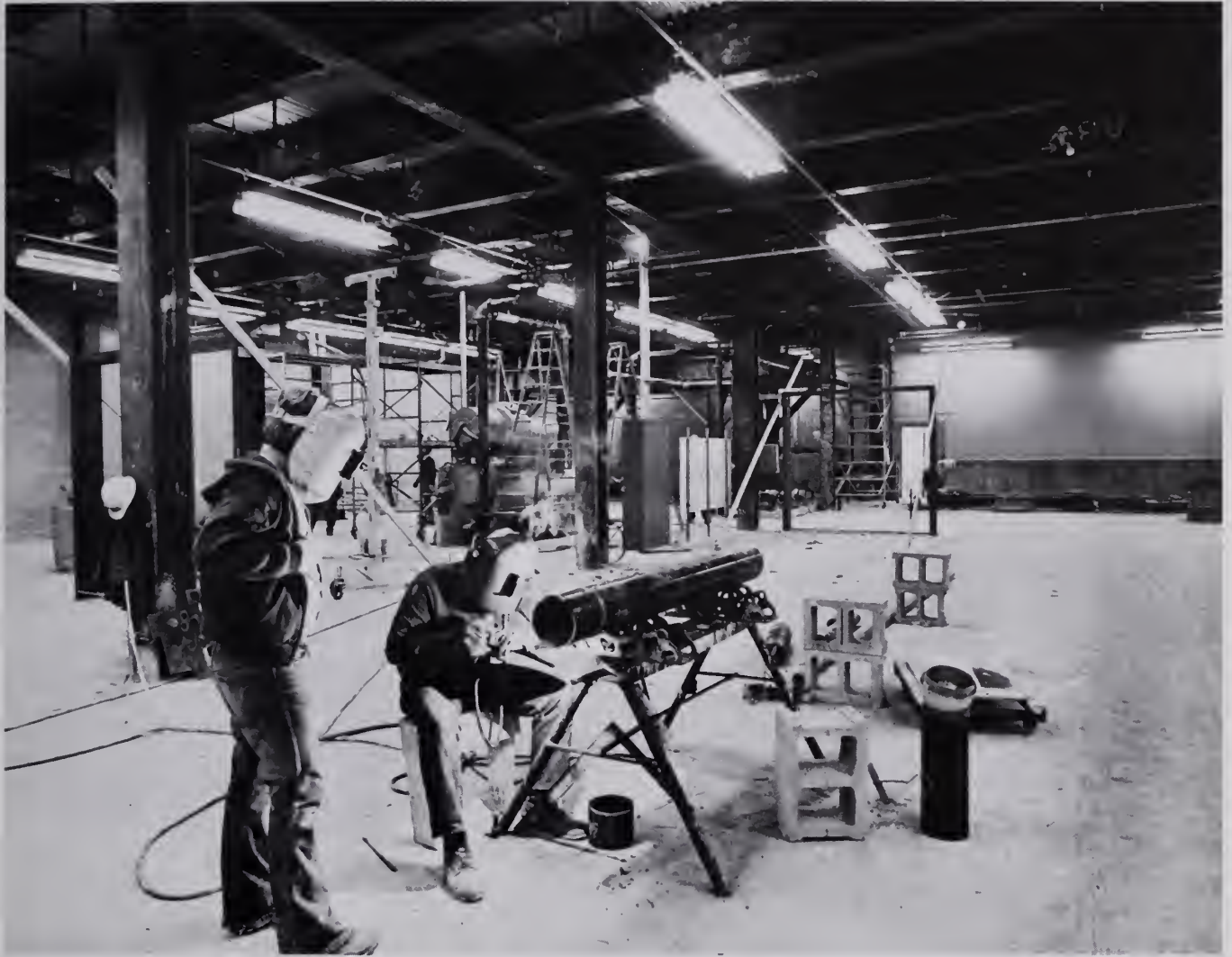
firms. By the year end 1973, there were commitments for use of 15 percent of the land.

UDC was able to facilitate retention of Bausch & Lomb in Rochester by acquiring and leasing another factory building for the optical company's use. (See page 21.)

The Department of Commerce asked UDC to help redevelop the 11-story loft building on Manhattan's west side. Here UDC has experimented with an application of the condominium concept, which allows for actual ownership of part of the building by users. It offers small manufacturers the incentive of being their own landlord and of not being subject to rent increases and loss of lease. By year end 1973, four firms had bought space in the building.

In 1973, however, by far the most important marketing effort, one that involved the full capabilities and resources of both the Department of Commerce and UDC, the Greater Syracuse Chamber of Commerce, and other State, local and Federal agen-





Part of the 20-acre facility under construction for Chemprene Corporation, maker of industrial belts, in UDC's Beacon Industrial Park.



One of two inventory buildings completed during 1973 in the new community in Lysander, being built for 18,000 people outside Syracuse.

cies, was in behalf of an entirely new "town," under construction in Lysander, 12 miles north of Syracuse. There the Jos. Schlitz Brewing Company has begun building the world's largest new brewery on a 188-acre site in an industrial park being developed by UDC.

The decision moves closer the day when the new town will be a living, on-the-go community of 18,000 persons. The decision means

- more than 600 permanent jobs;
- over 1,500 construction jobs;
- a yearly payroll of \$8,000,000; and
- the start of a tax base in the new community.

The decision helps UDC and the Department of Commerce fulfill their commitment to the Town of Lysander and Onondaga County that development of the new community would be on a "jobs-first" basis. It followed months of careful research and negotiations.

For Schlitz, the most important consideration concerned water, its content and availability. Tests, facilitated by the Onondaga County Water Authority

and the Metropolitan Water Board showed the local water was compatible with other elements in the Schlitz brew to produce a consistent flavor.

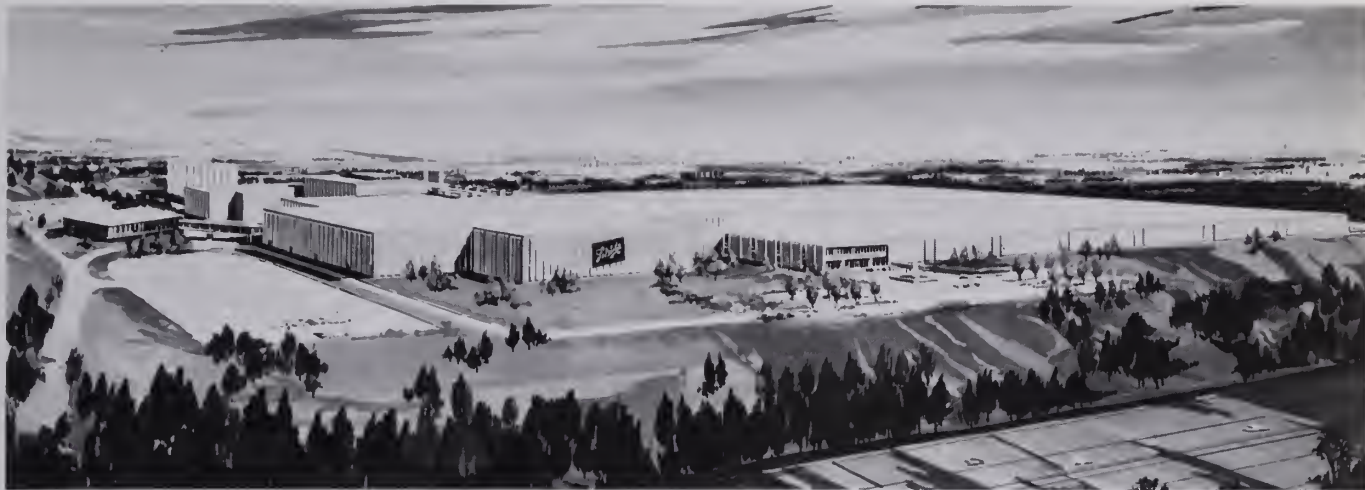
Fortunately, the availability of large quantities of water — actually, brewing requires millions of gallons daily — was not a problem because the Ontario Water Project, which brings Lake Ontario water to Syracuse and Onondaga County, had been supported by government and community leaders and approved by the voters 11 years before.

In the winning of Schlitz to Lysander, many organizations, in and out of government, could see their separate, and oftentimes conflicting goals merge. The Schlitz plant will employ many workers who will live in the new community. They will not have to commute long distances by car. Thus, what will be the world's largest new brewery will add substantially to the tax base and produce jobs while respecting high environmental standards and encouraging energy conservation.

In the 1970's, sound industrial development cannot proceed in a vacuum. And, success, as someone once said, has many partners. □□

Following ceremonies this fall which welcomed the Schlitz Co. to Lysander, local and State government officials, led by then-Lieutenant Governor Malcolm Wilson, viewed the Schlitz construction site in the industrial park. Shown, from left, are Town of Lysander Supervisor James van Wie; UDC President Edward J. Logue; Lieutenant Governor Wilson; Robert Trainer, Schlitz Vice President, Plant Operations; and Neal L. Moylan, Commissioner of the State Department of Commerce.





The world's largest new brewery will be built by the Jos. Schlitz Co. on a 188-acre site in an industrial park underway in Lysander.

UDC prepared the plans and acquired the site for Albany's new Greyhound Bus Terminal, which opened in May, 1973.





Sea Park East, Coney Island.

Twin Parks Northwest, the Bronx.



UDC Design: A New Look in Housing



Schomburg Plaza, Harlem.

Gone are the days of the “project” — the tall, brown block in a large open area. The sign said “keep off the grass” and the whole complex communicated exclusion and drabness.

Even though unimaginative projects are still thought of by many as typical of government-assisted housing, much is happening to change things. UDC’s demand for good design in its own developments has produced results seen here and in other sections of this report. Worthy of special note are several residential developments which have won awards for architectural and design excellence during 1973 and others which exemplify the Corporation’s design goals.

The winners, the architects and the awards, were:

- Sea Park East in Coney Island by Hoberman and Wasserman, the Bard Award of the City Club of New York, for Merit and Civic Architecture in Urban Design;

- Schomburg Plaza in Manhattan, a joint venture by Castro-Blanco, Piscioneri & Feder, and Gruzen and Partners, the Award of Honor for Excellence in Design of the New York Society of Architects;

- Twin Parks Northeast by Richard Meier & Associates, the Bard Award and the Award for Civic and Urban Design of the New York Society of Architects;

- Twin Parks Northwest by Prentice & Chan, Ohlhausen, the Bard Award; and

- Twin Parks Southwest by Giovanni Pasanella, the Design Award of the American Institute of Architects, New York Chapter.

UDC has hired some of the nation’s most respected architects and given them freedom to experi-

ment with innovative techniques and contemporary design principles. At the same time, staff architects supervise the design process to ensure the development meets budgetary requirements, high standards of livability and community goals.

Recently, *Building Design & Construction*, a professional periodical, said that Schomburg Plaza demonstrated that "tight budgets don't have to be synonymous with unimaginative design."

The use of textured concrete block for Schomburg Plaza's exterior walls, for example, helped hold down costs. It costs less than brick which used to be at the bottom of the price scale. The savings allowed UDC to invest more in upgrading and landscaping public areas. The twin octagonal towers now present a new Gateway to Harlem.

Each of these award winners presents an inner

city solution, disciplined by land cost and the fabric and identity of the neighborhood where they stand.

Scattered, irregularly shaped sites in Twin Parks, for instance, posed special design problems. The developments, as built, generally reflect the scale of the existing neighborhoods and attempt to use public open spaces to foster a community entente. In Coney Island, deliberate efforts were made to create an active street line which would help establish a vital urban atmosphere, and to reestablish the peninsula's tie with the sea, largely through including picture windows in most apartments.

In other areas UDC developments have been designed to achieve compatibility with their surroundings. These developments, hopefully, in addition to receiving recognition by the professional community, will continue to avoid the stigma associated with publicly assisted housing and create good homes and viable, active neighborhoods. □ □

Ely Park, Binghamton.





School Street Gardens, Livingston Manor.

Main Street Houses, South Fallsburg.





School Street Gardens in Livingston Manor, where low-rise design permits easy view of children.

Livability: Regulation with People in Mind

A building, no matter how striking a thing of beauty, may not be a joy forever to the people who live in it.

In addition to imaginative design, sound residential development must include active supervision of those who manage the building, responsiveness to tenants, and a willingness by everyone to make adjustments.

In 1973 what happens after occupancy became more important than ever for two separate but related reasons.

(1) The long-running debate intensified over the wisdom of government programs to build housing for low and moderate-income families. In arguments following the Federal freeze on housing subsidies, examples of failures in government efforts were constantly cited by those who opposed continuance of existing housing programs. Their favorite example: the 15-year-old, high-rise, crime-ridden Pruitt-Igoe development in St. Louis which is being demolished at government expense. Almost at the same time, proposals to build publicly assisted housing in nine Westchester towns and in Wyandanch, Long Island, fired assertions of “new slums” and “suburban ghettos.”

Fast counter evidence followed. For every mention of a “suburban slum” or Pruitt-Igoe, persons more favorably disposed to publicly assisted housing in general or UDC in particular cited “successes” from far and near — well-manicured European New Towns, successful low-rent housing across the U.S., or UDC developments like Lake Street Houses in Newburgh and Ely Park in Binghamton, which appear to be doing well after two full years of occupancy.

The debate crystallized many issues, but it produced no sure answers, no certain judgments on why some public or publicly assisted housing develop-

ments fail and others succeed. It is that lack of certainty which made the related events of 1973 all the more important.

(2) As some 5,900 units in 37 developments became occupied by year end 1973, compared with 2,390 units in 18 developments at the end of 1972, UDC seriously assumed its role as regulator of the private housing companies which own and operate its developments. As mortgagee and supervising agency, UDC has both the responsibility and capacity to act. It can make decisions to assist its projects in effecting sound tenant relationships and proper maintenance.

This requires first obtaining the facts and keeping open lines of communication not only with management but also with those whom the regulation is supposed to benefit — the tenants. And, it requires flexibility, avoiding a bureaucratic propensity to defend the existing way of doing things.

Against this backdrop, UDC pursued an aggressive fact-finding role in 1973. The Corporation encouraged participation in tenant association elections, thus helping establish the beginnings of an active consumer constituency whose sentiments would have significant input in improving the way things are done.

Input from tenants drew responses. At Grasslands, in Westchester County, for example, complaints from tenants resulted in orders to the construction firm to improve the heating system and the floor coverings, among other things. Concern expressed by residents of Twin Parks development in the Bronx led to creation of youth programs and increased security measures, including special tenant identification cards.

For the second consecutive year, UDC continued its live-in program providing invaluable “in



Friendship Child-Care Center, the Bronx.

Ely Park, in Binghamton.

the flesh” experience both for staff and management in an expanded program which had been open only to senior staff in 1972. Those participating in the 1973 program represented all staff levels. They lived-in, many with their families, at Shoreline, Buffalo; Unity Park, Niagara Falls; Elm-Maple, Ithaca; Ely Park, Binghamton; Kennedy Plaza, Utica; and Sea Park, Coney Island. They slept, cooked, watched television, used laundry rooms, attended tenant association meetings, shopped in local markets and used public transportation.

They acquired practical knowledge they could not get back at the office. The dimensions of a bedroom, for instance, its length, width, ceiling height and cubage seem pretty sterile when examined in plans and drawings. But they are very real to someone who stubs his toe trying to walk between the bed and dresser. The “convenience” of a municipal bus service may seem wonderful at first glance in a brochure. But it takes actual commuting to find out that the buses run at 45-minute intervals and are cattle-cars during rush hours.

Live-in participants filled out questionnaires designed to elicit reactions about experiences, good and bad, and suggestions about what can be done to repair mistakes. Part of the questionnaire filled out by one staff member is illustrative.

Q: “What was the most encouraging aspect of the living environment of the development?”

A: “The good design of the development (attractiveness, views, usable common spaces) seems to engender pride in the project among tenants. Most I spoke to “like” Sea Park, and are aggressively involved in seeing that security is adhered to, common areas are kept clean, etc. Campaigning for offices in Tenants’ Organization was going strong the whole week I was there. There was a prevailingly optimistic view that the Tenants’ Organization could be forceful in satisfying tenant demands and that the tenants had an obligation to participate in decision-making on building matters.”

Q: “What was the most discouraging aspect of living environment of the development?”



A: "Intrusion of noise from outside the apartment. In the living room I could hear my neighbor's stereo and TV all day long; in the bedroom, with windows open for ventilation, I heard courtyard and street noises until early morning; in the a.m. I could hear my neighbor's alarm clock ring; in the bathroom I could hear toilet and pipes running from adjacent apartments."

Q: "What *implementable* suggestions for improved livability of UDC developments can you offer as a result of your live-in experience?"

A: "(1) Public telephones in common areas. Judging from the number of Sea Park tenants who joined me each evening in queuing up at the nearest telephone booths, this would be very useful. (2) Screens for windows. Those hori-

zontally sliding windows, open, were terrifying to the mother of a four-year-old. (3) Larger number of bathrooms for larger units. One bathroom is totally inadequate for a three-bedroom apartment."

Improvements based on this input are now under active design consideration for future UDC developments and, where feasible, improvements are being made in existing "lived-in" and other developments.

Another fact-finding program, launched in 1973, is aimed at supplementing input from the live-ins with monitoring and evaluation by an independent, non-UDC, research team. Undertaken for UDC by the Center for Urban Development Research of Cornell University, the study aims to find out how

A kitchen in Tompkins Terrace in Beacon. Apartment interiors have been designed to enhance different life styles.



satisfied tenants in eight UDC developments are with their physical and social environment. It will analyze life in relation to the family, the apartment itself, the entire development and the adjacent community with an emphasis on the proximity and adequacy of schools, recreation, entertainment and transportation facilities.

The study will be completed in 1974. In an initial installment of what will eventually be a far more extensive final report, the Cornell Research team reported findings that belie notions frequently bandied about by critics of government-assisted housing. Its report on Shoreline, one of UDC's developments in Buffalo, said:

"... what emerged from our interview and observations at Buffalo Shoreline was that low and moderate-income residents can clearly articulate the reactions to their immediate living environment. Their reasons for moving to Shoreline and their comments about what was good and bad about it, reflect an awareness of their own needs and a desire to fulfill them. It also seems clear that when people are given a decent living environment which conveys to them the message that some other people care about them, they can respond in kind..."

In interviews and questionnaires, 69 Shoreline residents, including teenagers, participated and provided information on their living experience to the Cornell team.

Of these residents, 82 percent said they would recommend Shoreline to a friend looking for a new place to live, and 62 percent thought Shoreline was better than their previous residence. In general, they were satisfied with its appearance and liked its downtown location.

Most residents felt secure in their apartments and on the grounds because of "good locks, lighted paths and uniformed guards who patrol at night."

The majority of adults and almost all the teenagers interviewed were establishing friendships and social contacts within the development.

As intended, residents volunteered what they



Community Room, Woodrow Wilson Townhouses, Amsterdam.

At Watervliet, young family members enjoy living room play.





A tenants' meeting in Newburgh.

did not like at Shoreline. They reported poor sound-proofing, temperature loss through cracks in windows, as well as water leakage. The fact that children had to cross two Thruway exits without the help of guards dissatisfied some. Parents also mentioned that there was no place to sit while watching children in play areas.

Many of these problems are being corrected or designed out of the third phase of Shoreline, which is now in construction.

The Shoreline study also produced the recommendation that UDC designs make it possible for residents to maintain visual contact with their children when they are at play outdoors. Residents also urged the continued selection of unique designs because the non-institutional appearance does not convey the image of "a project."

The desire of most families not to live in "a project" has been a fundamental consideration in UDC design since the Corporation was established in 1968. The result, generally, has been "different" structures — low-rise townhouses and garden apartments in non-urban areas. In cities where land costs and density requirements mandate high-rise struc-



One of over two dozen day-care centers at UDC developments.

Good management listens. A tenant interview in Beacon.



tures, they are designed to relate to the scale and fabric of the neighborhood through step-downs and other architectural means.

Both UDC's studies and "anti-project" sentiments expressed by tenants and in live-ins, have indicated that a non-high-rise solution would be desirable even in urban areas. In partnership with the Institute for Architecture and Urban Studies, UDC created a new housing prototype, called low-rise, high-density (LRHD). By mid-1973, it had applied the concept in construction and helped sponsor a public exhibition on its application.

On the morning of June 11 at Dumont and Chester Avenues in Brooklyn, UDC broke ground for a 626-unit, four-story LRHD development on a 12.5-acre site to be known as Marcus Garvey Park Village, a development being undertaken in conjunction with Central Brooklyn Model Cities.

Later the same day, at the Museum of Modern Art on West 53rd Street in Manhattan, a preview was held for "Another Chance for Housing: Low-Rise Alternatives." The exhibition featured the application of the LRHD prototype in Brownsville and a proposed application in Fox Hills, Staten Island. During its six-week showing, the exhibit was seen by over 169,000 community and government representatives, housing professionals and interested persons. In cooperation with the U.S. Information Service and at the invitation of the American Embassy in London, it was also on view in London for three weeks.

The LRHD concept, found widely in Europe, especially in the United Kingdom, is similar to the brownstone of the 19th century. It will hopefully restore family identity to individual residential units and remove the isolated or "institutionalized" stigma of "public" housing.

In Brownsville, community leaders, Federal, State and City officials help break ground for Marcus Garvey Park Village.





Visitors to the LRHD exhibit on display for six weeks at the Museum of Modern Art in Manhattan.

The LRHD concept can provide housing in low-rise structures at approximately the same densities achieved in many high-rise developments for two main reasons.

First, there are no large set-backs from the street, as is common in most public housing projects, so more land is available for housing units and individual, family-oriented open space areas. Second, the design permits a far greater proportion of bedrooms per dwelling unit than most high-rise buildings to provide better living for families with young children.

In the Brownsville development, 40 percent of the dwelling units will have 3, 4 and 5 bedrooms. Usually lower proportions of these type apartments are designed in UDC's high-rise structures, because it is recognized that children and elevators become a management and maintenance problem.

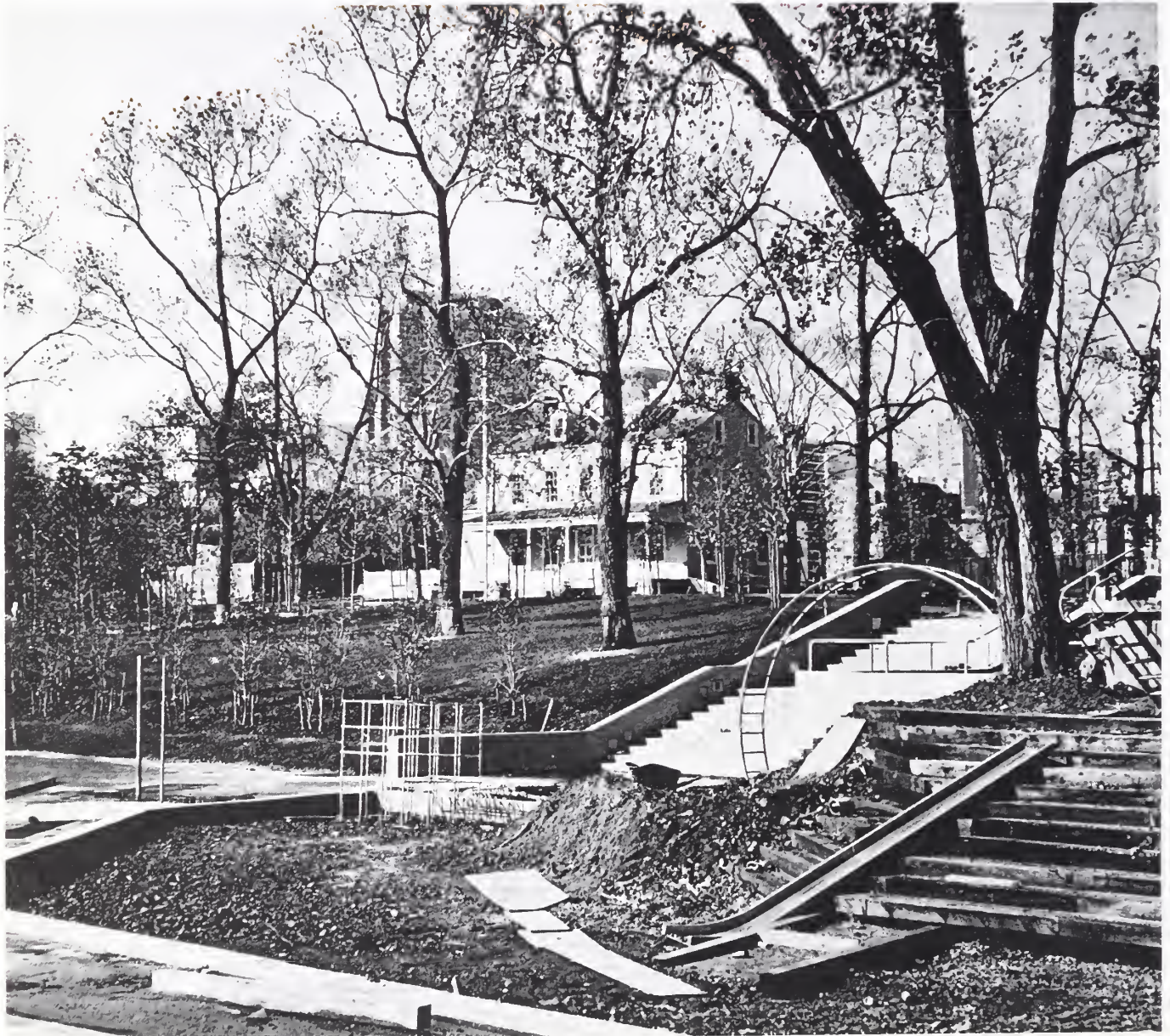
Some other features of the LRHD concept as it

will be applied in the Brownsville development will

- minimize unseen, non-active places which are likely places for crime;
- provide direct access to apartments, overcoming the need to walk through long corridors;
- provide accessible and secure storage areas;
- control the size and location of play areas, and offer visual and aural contact of play areas from individual dwellings;
- assure sunlight and through ventilation for all units; and
- cluster dwellings to help residents identify with their own apartment and the entire development.

Physical design, while not a panacea for the social and economic ills that can affect life in any housing development, can contribute to positive attitudes of people toward the place where they live. The LRHD design innovations at Marcus Garvey Park Village should help obtain this objective. □□

The New York Formula: UDC + NYC = 17,000 Housing Starts



Blackwell House, one of the last few eighteenth-century wooden farmhouses in New York City, is being restored for contemporary use on Roosevelt Island.



“Even more appropriate to the memory of the President who, in peace and war, rallied the nation with his supreme confidence in the power of a free people, is the strip of land, surrounded by water, that is to be dedicated to a spirit of renewal in the nation’s first city.”

The New York Times
September 25, 1973

Back in 1854, the flamboyant Fernando Wood, then Mayor of New York, authored some radical revisions to the City Charter and sent them off to Albany. In response, the Legislature gave Wood what he wanted — more “home rule.” It also gave him exactly what he didn’t want. It changed the Mayoral election year and, thereby, cut Wood’s term in half.

Jousting between City Hall and the State Capitol has flavored politics of New York, City and State, before and after Wood. More than a century after Wood, City officials, guarding the same independence Wood had sought 114 years before, opposed establishment of UDC. They said that powers assigned to the proposed Corporation, if abused, could erode “home rule.”

But, the same City officials wanted to meet the rising demand for low and moderate-income, government-assisted housing. They knew that the traditional methods, used in New York and in nearly all American cities, were too slow. In New York, private developers, who had to bear financial risks for planning and feasibility, could wait five years for final project approval to come through the different decision-making levels of the bureaucracy. City officials accepted the creation of UDC. They saw that the Corporation was a public agency which could do the necessary up-front financing and, at the same time, speed the development process.

Within less than a year after its establishment by the Legislature, UDC and the City agreed on a program of UDC help on City developments. Mayor Lindsay described the program as built on “the vital concept of a State agency helping to achieve the development goals of the City.”

Given the more than century-long prologue of battling up and down the Hudson and the day-by-day realities of State-City relations, could this “vital concept” succeed?

The answer has begun to appear on the City’s skyline and in its neighborhoods.

At Coney Island, Sea Park, a UDC apartment building, winner of the City Club Bard Award for architectural excellence, along with other UDC and City buildings, presents a new landmark to ships entering Lower New York Bay.

At Fifth Avenue and 110th Street, the twin towers of Schomburg Plaza (another design award winner), a UDC contribution to the development of the Milbank Frawley Urban Renewal area, provide a new gateway to Harlem.

In the East River, the new-town-in-town being built by UDC, under a lease agreement with the City, on what is now Roosevelt Island, has begun to shape its own silhouette over the river.



The 197-unit Scheuer House, Coney Island.



The 355-unit Lionel Hampton Houses, Harlem.

In New York City, UDC has completed or started construction on close to 17,000 middle, moderate, low and low-income elderly housing units, 24 day-care and early child-care centers and one youth center. The total estimated project cost is over \$700 million.

The effort is directed at helping the City in four ways. It aims to

- rebuild inner-city areas;
- reclaim marginal land;
- guide development of large, unused tracts;
- stabilize neighborhoods.

In the inner city, UDC and the City have attempted to respond to neighborhood goals. In Fulton Park, part of Bedford-Stuyvesant, where fundamentally sound housing has deteriorated, two community sponsors asked UDC to act as redeveloper. Before construction started on the development of 427 apartments in September, 1972, UDC, the City and the community signed an agreement which recognized the community's desire for buildings not more than six stories tall, for retaining two black architects who helped plan the development, and for hiring a black developer and sub-contractors. Today, the developer, the Jackie Robinson Construction Company, and

UDC are helping fund tenant education, day-care centers and elderly assistance programs within the community.

In Melrose, in the South Bronx, a neighborhood where among the predominantly Hispanic population one can still find an Italian-American delicatessen with a waiter in a black tuxedo, the City and UDC plan close to 1,000 apartments. Construction has begun on 497 of them. The Melrose Community Action Council, a coalition of several groups designated by the City as Project Area Committee for the renewal program, asked UDC to participate because it wanted to speed the redevelopment process. UDC consulted the community on design. As a result, the first site includes a youth center, enlarged kitchens and combined kitchen-dining areas in larger apartments.

UDC-community relations are not perfect in Melrose, with early construction delays causing rather serious problems. However, the fact that the Melrose Council wants UDC to develop other sites in the area indicates the beginning of a positive relationship.

In Harlem, the St. Nicholas Park Community Council selected the Lionel Hampton Development



Schomburg Plaza, 600 apartments at the “gateway to Harlem.”



River Park Towers, 1,655 units near completion in the Bronx.

Group (LHDG) as sponsor for two sites, and, in turn, LHDG asked UDC to assist in development. UDC worked closely with LHDG, Community Council advisers and the Harlem-based architectural firm of Bond-Ryder Associates to develop a program meeting the community needs.

One of those needs surely was, and still is, housing. When Lionel Hampton Houses was ready for residents in the summer of 1973, over 6,000 applied for its 355 apartments.

Applications in such volume point up what the City had known for some time — that to meet housing needs requires more than use of slum clearance and scattered sites. Developers, among other things, had to turn to landfill areas and “recycled” land — the kind of land that appears in and along the City’s waterways, as for example, Roosevelt Island.

Uncertain as to what should be done with Welfare Island, the City appointed a committee, headed by Benno Schmidt, to undertake a study. The committee made several recommendations. The one selected proposed development of a new community by a subsidiary to be created by UDC.

Early in 1975, New Yorkers will move into the

first of 5,000 new homes scheduled for the “new-town-in-town” on Franklin D. Roosevelt Island. The island’s residents will reflect the economic diversity that is New York. The planned community will include schools, dispersed throughout the residential space, five parks, a four-mile-long promenade for pedestrians and cyclists, seven historical landmarks restored for contemporary use, a Town Center and shopping facilities. In a virtually auto-free environment, electric powered, non-polluting mini-buses will provide free on-island transportation, while an underground pneumatic system will noiselessly dispose of refuse.

In addition to the 63rd Street subway line, targeted for completion in 1981, an aerial tramway will provide transportation to Manhattan. It will stretch across the East River alongside the Queensboro Bridge, with a Manhattan terminus on the west side of Second Avenue just south of 60th Street. It will have two cable cars, each capable of carrying up to 125 passengers. The franchise for UDC to build and operate the tramway was approved unanimously by the City’s Board of Estimate in October, 1973.

On September 24, as construction and restoration work began revealing the physical character of

the new-town-in-town, rededication ceremonies were held to mark its change of name from Welfare Island. The event brought together representatives of all the agencies and private organizations working on the island's redevelopment, including Former Governor Averell Harriman, Mayor Lindsay and UDC Chairman Alton G. Marshall, other City and State officials and members of the Roosevelt family.

Fittingly, the ceremonies were held at the island's southernmost tip, where a two-and-one-half-acre site, across from the United Nations, will be devoted to a memorial park and monument honoring the late President.

By year end 1973, UDC had received over 6,000 inquiries regarding the availability of island apartments, from persons representing different income levels in the City.

In addition to land that can be recycled, there are still a few large tracts of undeveloped land within the City.

Staten Island holds a full 40 percent of that land, and part of the 40 percent is called Fox Hills. Community Planning Board No. Two asked UDC to develop a comprehensive plan for this area.

In 1973, the Planning Board and the community reacted favorably to a new low-rise, high-density prototype, intended to offer a design alternative to high-rise construction in places like Fox Hills.

Where a neighborhood is less stable, develop-

ment can be prolonged and controversial. The physical decline of Coney Island prompted the City to declare its western part a Neighborhood Development Program Area.

In 1970, the City, believing UDC's participation would help expedite its program, asked UDC to begin redevelopment. By the close of 1973, some 1,800 UDC apartments were under construction, another 1,300 were in or close to rent-up.

In another part of Brooklyn, in the neighboring communities of Brooklyn Heights, Cobble Hill, Boerum Hill and Fort Greene, private residential and commercial restoration sparked the partial redevelopment of the downtown Brooklyn government and business center in the early 1960's.

More recently, the Downtown Brooklyn Development Group, a consolidation of four separate City agencies, and the Downtown Brooklyn Development Association, an organization of businessmen, proposed a housing complex for the Schermerhorn-Pacific Street Area. Such a development, it was felt, would attract more middle-class families to downtown, providing both a commercial market and a catalyst for the area's brownstone revival.

Since the Development Group brought the proposal to UDC in 1971, the design process, market analyses and neighborhood reactions have significantly changed the original plans. A decision to build 26 percent of the 991 apartments for moderate and low-income families, for instance, was a compromise



Low-rise walk-up housing dominates in Bedford-Stuyvesant, where community sponsors asked UDC to redevelop two sites in the Fulton Park urban renewal area.



Queens Borough President Donald R. Manes (second from left) inspects sewers being built by UDC in Arverne.

between those in the community who wanted a higher percentage and others who wanted none at all.

Of course, UDC's efforts to contribute to the City's balanced redevelopment do not always take on the significance of a Schermerhorn or Coney Island development. In the Arverne section of Queens, the present sewer and sanitary system floods streets and basements, after even mild rainstorms. Queens Borough President Donald Manes and the City asked UDC to build a new system to serve both an urban renewal site being developed by the Corporation and the area immediately adjacent.

In all these enterprises, UDC and the City have required the indispensable financial assistance of the Federal Government. Its housing assistance programs, especially the so-called "236" subsidy, reduce mortgage interest and help bring down rents to what low and moderate-income families can afford.

In 1971 and 1972, Federal assistance supported close to 80 percent of the apartments in construction in New York, a city where half the housing stock is more than 45 years old. During 1973, the unfortunate "moratorium" on these Federal subsidies sharply cut back the rate at which UDC and the City had been building low and moderate-income housing.

There may be some legitimate concerns over the wisdom, efficiency and fiscal soundness of the nationwide "236" program and other specific housing subsidies. They have been grossly exaggerated, particularly so far as programs conducted by State agencies are concerned. □□

Celebration

In most New York City neighborhoods, the opening of an apartment house would probably go unnoticed, or at best, be duly noted by a speech or two. In Harlem, however, the completion of 355 apartments was cause for major celebration. On a clear Sunday afternoon in July, 1973, an almost triumphal parade marched up Eighth Avenue, complete with marching bands and drum and bugle corps. The occasion was a festive ribbon-cutting ceremony for Lionel Hampton Houses, in the St. Nicholas Park urban renewal area.

The famous jazzman who sponsored the development, reviewing the list of public and private agencies assisting the project, recalled the time "when Teddy Wilson and I were the first blacks to play with Benny Goodman and Gene Krupa. Our quartet became known as the Black and White Keys who worked together to make perfect harmony . . . Today we are still doing our thing, doing our thing to make beautiful housing."



Lionel Hampton and Archbishop Fulton Sheen, during ceremonies marking the opening of the musician's first Harlem housing development.



July 22, 1973: Four days before a public hearing on a proposal for UDC housing in their community, an estimated 1,000 persons attend a rally in Wyandanch. Almost all sign petitions in support.

Facts From Wyandanch



Rev. Andrew Connally, Assistant Pastor of Our Lady of the Miraculous Medal Roman Catholic Church and Secretary of the Wyandanch Community Development Corporation, reviews plans for the development with another WCDC member.

The summer of 1973 was a time of hard work, decision and disappointment for people in Wyandanch, an unincorporated, predominantly black enclave within the Town of Babylon on Long Island. They had mounted an articulate campaign for good housing in their community. What they did speaks for itself, and so does what happened.

August 4, 1967

Midway through the “hot” summer that saw rioting in Detroit and Newark, four days of racial disturbances end in Wyandanch after government leaders, including Suffolk County Executive H. Lee Dennison, hold meetings with black youths to discuss their complaints and community problems.

August 7, 1967

Attacked because he allegedly overreacted to demands by blacks, Dennison responds by saying: “There are ghettos in Babylon Town, encircled by restrictive zoning regulations, and they exist because the town permits them. They have building codes and they don’t enforce them.”

September 28, 1967

Actual inspection of 422 homes in part of Wyandanch by the Suffolk County Health Department, in cooperation with the County Social Services Department and the Babylon Building Department, supports charges about bad housing in Wyandanch.

The report, entitled “Housing Survey: Wyandanch Area, Town of Babylon,” finds that 194 housing units, or 46 percent of those inspected, had sanitary code violations; 96 units were deteriorating or dilapidated; and there were 156 violations of the Babylon Building Code.

The 1970 United States Census would disclose later that 500 of the 3,666 units in Wyandanch — 13

percent — were overcrowded, and most were occupied by black families who comprised the majority of Wyandanch residents. The census found that Wyandanch contained seven percent of Babylon's poor, with 393 families living below the poverty level. It also found that 43 units had no plumbing; 12 had no toilets; that people in 24 units had to share bathrooms; and in 25 units they had to share kitchens.

October 21, 1969

After living in Wyandanch for a year, Father Andrew Connolly, Assistant Pastor of Our Lady of the Miraculous Medal Roman Catholic Church, invites several men from the parish to form a discussion group. Those who attend bring up housing.

November 10, 1969

Connolly and his parishioners meet with members of another congregation, Trinity Lutheran Church, and their pastor, David Swanson.

February 9, 1970

Connolly and Swanson, and 15 others representing both congregations, review alternative needs of the Wyandanch community. They decide to focus on housing and building code enforcement.

July 21, 1970

In response to a request for help from the Wyandanch community, UDC agrees to finance a study by Raymond, Parish and Pine, Inc., planning consultants, to identify what can be done to improve the housing situation in Wyandanch. It is agreed that the contract will be administered by the Suffolk Community Development Corporation (SCDC), an independent group established in 1969 to promote county-wide development.

October 27, 1970

Not wanting to wait for Raymond, Parish and Pine to complete its study, another public meeting is held by the people representing the two churches. More than 100 Wyandanch residents attend, including representatives of over 20 civic and social organizations working in the community. They vote to establish a Wyandanch Task Force. Its purpose: to



According to the 1970 census, Wyandanch holds seven percent of the poverty-level families in the Town of Babylon. Better than one out of every ten of its homes is overcrowded.

study and activate programs to improve the existing Wyandanch housing stock, build new homes at prices residents can afford and generally better the hamlet's living conditions.

February 16, 1971

Task Force members and the Babylon Town Board begin meetings to review programs toward community development.

March 11, 1971

The Wyandanch Task Force elects Reverend David Rooks, a Baptist Minister, Chairman. Father Connolly is Secretary. Initially, 98 persons join. The same group will later incorporate as the Wyandanch Community Development Corporation (WCDC).

May 12, 1971

Raymond, Parish and Pine releases its study. It identifies several possible sites for new housing.

June 9, 1971

Babylon Town Supervisor Aaron Barnett writes to WCDC: "At meetings between the representatives of your organization and members of the Town Board we were favorably impressed and pleased with the progress you are making in your self-help program. We would greatly appreciate it if you would continue to keep us advised from time to time with updated reports of your activities and progress."

September 21, 1971

WCDC recommends Commonwealth Drive, one of the sites mentioned by Raymond, Parish and Pine, to the Babylon Town Board. The recommended site is in a level, wooded area close to shopping, transportation and a day-care center to serve working mothers. The plans are compatible with the Babylon Town Master Plan, which had labeled the Commonwealth Drive area as one of the most blighted in the entire town and added that "with proper treatment" the section could "become a very good residential area."

November 15, 1971

WCDC moves further toward development of the Commonwealth Drive site in a Letter of Agreement with SCDC and UDC. The agreement provides for a Community Advisory Committee (CAC), which can be a formal vehicle for local input, and that WCDC be able to recommend contractors.

May 25, 1972

Plans for the development at Commonwealth Drive move forward. UDC engages Gindele and Johnson of Poughkeepsie, leading black architects, to design the development.

June 8, 1972

The architectural firm completes a schematic design. It includes 29 clustered two-story buildings. Of the 182 garden apartments, 18 would be for elderly persons; 54 would be efficiencies and one-bedroom apartments; and 110 for families with children. The development would serve moderate and low-

The 182-unit, moderate and low-income development was planned for a site on Commonwealth Drive.



income people. The housing units are designed to allow for the maximum development of open space and green area.

September 18, 1972

Negative reaction. The Deer Park Conservative Club holds a meeting to discuss the Commonwealth Drive proposal. Nearly 900 people pack the Veterans of Foreign Wars Hall in Deer Park, a predominantly white hamlet located about one-half mile from the housing site. One speaker, who will become a leading antagonist of the housing proposal, is Hermann Griem, President of the Joint Civic Taxpayers Association of Babylon Town. He says there are only 41 substandard houses in the Town of Babylon.

From Westchester comes a representative of the United Towns for Home Rule. He tells those assembled: "Your taxes must go up and your control must go down."

Like support for the project, opposition cuts across racial lines. Ted Williams, of the 25 to 30-member predominantly black Triangle Community Club, says the housing proposal would create an extra load "on the already overburdened taxpayer."

Reverend Rooks also attends the meeting. He answers assertions about high taxes by saying: "You're all excited about subsidized housing. Nobody talks about the subsidized roads we drive on, the subsidized airlines we fly on, or the subsidized trains — only the subsidized homes for poor people."

From somewhere in the room a voice responds.

"Let them go to work."

October 17, 1972

The public debate intensifies. An estimated 1,000 residents, divided pro and con, jam a Babylon Town meeting. A petition presented to the Board describes the Wyandanch proposal as a "Forest Hills in Babylon Town."

March 6, 1973

Events that will eventually affect Wyandanch are happening in another place. In Albany, reaction to UDC's proposal to build 100 units of low and



Rev. David Rooks, a Baptist Minister and Chairman of the Wyandanch Community Development Corporation.

October 17, 1972: Some 1,000 area residents, divided on the merits of the Wyandanch proposal, jam a Babylon Town meeting.





July 26, 1973: Residents register to speak before start of the public hearing (top). Held in Wyandanch High School, the hearing was attended by more than 1,000 persons (below).



moderate-income housing in each of nine Westchester towns triggers the filing of Assembly Bill 7323B. It would curb UDC's power to build in suburban areas by giving towns and villages veto power over proposed UDC housing developments.

May 27, 1973

Assembly Bill 7323B passes.

June 8, 1973

Because of the possible effect of the new legislation on the Wyandanch proposal, some reaffirm their previous position in favor. County Executive John Klein, an early proponent of the housing development, issues another statement in support.

Several groups go public in their support. These include the Long Island Mid-Suffolk Human Rights Commission, the Metropolitan New York Synod of the Lutheran Church in America and the Long Island Interfaith Council.

June 26, 1973

UDC calls a public hearing on the proposal for July 26, 1973.

June 28, 1973

More church support for WCDC., Walter P. Kellenberg, Bishop of the Catholic Diocese of Rockville Centre, sends a public letter to Father Connolly. "The Wyandanch proposal," says the Bishop, "recognizes the demands for the common good and the local community's right to self-determination . . ." A follow-up editorial in *The Long Island Catholic* asks, "If you can't build housing for the poor in a poor community, where can you build it?"

July 13, 1973

A WCBS-TV editorial also hones in on the "home rule" idea. It says "... neighboring communities are opposing the housing plan and have urged the Babylon Town Board to turn it down. Why, we

Opponents of the proposal, including Michael Iannotta of Deer Park (far left). "We object to substandard, low-income housing due to tax abatement, due to high density living, which is not in conformance with suburbia's characteristics."

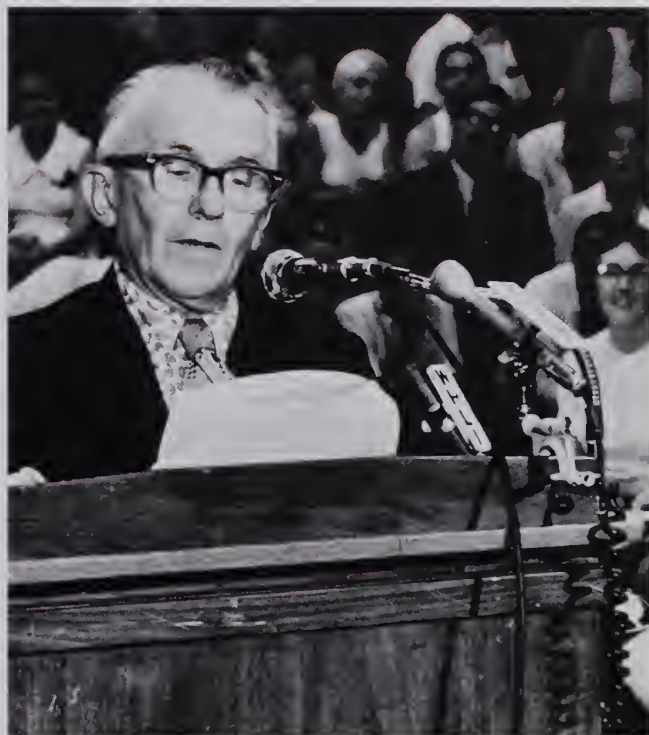




Supporters of the proposal, including Sister Catherine McKeever of Wyandanch (second from left). "Since 1968 we have urged the Town Board to create and enforce the housing code which would help not only the poor in Wyandanch but everyone in the Town of Babylon."



Eileen Mehr, member of the Wyandanch Community Development Corporation. "Blight doesn't just go away or stay the same. Blight spreads . . . This is the first time in Suffolk County that the victims of blight have tried to help themselves."



Hermann Griem, leader of the Joint Civic Taxpayers Association of Babylon, questioning the amount of substandard housing in Wyandanch and whether the proposed new development would mean its removal.

cannot understand. The Wyandanch housing plan is a self-help effort and people in Long Island believe in home rule. So we urge the Babylon Town Board to approve the Wyandanch housing plan. All the people are asking is a way to help themselves."

July 22, 1973

An estimated 1,000 people attend a rally, sponsored by WCDC, at Wyandanch Park. Almost all of them sign petitions in support.

July 24, 1973

One of Long Island's largest employers joins those supporting the proposal. In a letter to SCDC, John B. Rettaliata, Vice President of the Grumman Corporation, which, among other things, operates a 535-employee plant in Wyandanch, writes: "The WCDC, the SCDC and the NYSUDC . . . have Grumman's very fullest support in their efforts to erect sorely needed housing for . . . Wyandanch families."

July 26, 1973

Before television cameras, radio microphones and news media reporters, opposing sides converge on the UDC public hearing held in Wyandanch High School gymnasium. Attendees total more than 1,000.

There are 60 who speak in favor, 25 against. Of those attending the hearing, 467 sign cards stating

their support for the project, 55 sign in opposition.

Opponents of the project present petitions with 4,931 signatures.

July 31, 1973

After covering the hearing and the events leading up to it, *Newsday* editorializes: ". . . this is a model program, a grass roots community effort to come to grips with an important problem. In addition to its backing among residents of Wyandanch, it has the support of the Governor, the County Executive and the local clergy. If that isn't home rule, then the term's a mockery."

August 7, 1973

Those in favor of the project present petitions bearing 4,217 signatures to the Babylon Town Board at its regular meeting. On this day, 140 supporters and 15 opponents attend the meeting. Of them, 26 speak in favor, nine against. Letters in support number 50. There is one letter in opposition.

August 26, 1973

Before 90 silent onlookers, the five-member Babylon Town Board votes 3-to-2 to reject the proposal. The Board noted, among other things, the "adverse impact" of the development on the community's high water table. □□

Horace Jones, representing the Wyandanch Day-Care Center. "Every rational person who has been in Wyandanch knows we need housing. Stand up and be counted."





Rev. David Rooks is comforted by a WDC supporter after the Babylon Town Board votes 3-2 against the housing for Wyandanch.



Discussing expansion of economic opportunities for minorities are, from left, Dr. Kenneth Clark, Chairman, UDC Directors' Committee on Affirmative Action; Affirmative Action Officer Donald Cogsville; Thomas Atkins, Recruitment and Training Program; Gurney Nelson, Contractors Training and Development Office.

Affirmative Action: Improved Opportunities and New Gains

Considering that he was a black man, things had gone pretty well for Roy Powlis. Back in 1946, when his father belonged to the carpenters' union, young Mr. Powlis was accepted as an apprentice. Over the next 20 years, he worked his way through the ranks and up the construction hierarchy to become a foreman and a superintendent for major contractors. He also attended the Church of Christ Bible Institute, Manhattan Bible Institute and American Bible College from which he received a Bachelor of Theology degree, and became an ordained and licensed minister.

He was one of the organizers of Fred Carpentry Corporation in 1966 and held the position of secretary for the firm. After leaving Fred, he worked under the name of Roy Interiors and later, in 1968, set up a contracting firm called Intra-City Construction Corporation. He learned it wasn't easy to get business, especially when bidding against established firms which could easily submit lower bids because their large volume cushioned losses. He also found that minority firms just starting in business must often bid to cover costs only, so that even if he won a contract and all went well it would add little to his financial reserves.

He found performance bonds and major financing were "out of reach."

Now much of that is behind Powlis. Largely because of the "affirmative action" of government, the credit line for Intra-City Construction increased in three years from \$5,000 to \$50,000. In 1973, the firm was awarded its largest job yet — a \$512,000 contract on UDC's Arverne development in the Rockaways.

Contractor Roy Powlis (center) of Intra-City Construction Corporation directs workers at UDC's Arverne development in Queens, which his firm is helping build.





The Contractors Training and Development Office (CTDO), an organization funded by the U.S. Department of Commerce Office of Minority Business Enterprise and working under contract with UDC, referred Mr. Powlis to the Arverne project. CTDO also helped him prepare the loan package, later approved by Morgan Guaranty Trust Company, and helped obtain the necessary surety bond.

Once he completes the Arverne job successfully, Mr. Powlis will be in a better position to get the bonds and financing he needs for larger contracts. Intra-City's credit line, with Morgan Guaranty, is now \$100,000.

Similar stories have not always ended as well, but UDC's policy of including affirmative action considerations in its procedure for selecting developers has generally borne substantial results. The breakthroughs are particularly significant in the hiring of construction workers, although entry into the skilled trades is still difficult. Since UDC launched its affirmative action program in 1971, minority construc-

tion workers have made up 26 percent of its Statewide job force, almost double the minority percentage of the State's population.

Economically, the program's most dramatic aspect thus far involves minority developers and contractors. To date, minority group members are developing three UDC projects with an estimated total development cost of \$31 million. Minority contractors and subcontractors have received approximately \$110 million in UDC business.

In carrying out this part of its affirmative action program, UDC has, as a practical matter, accommodated the "experience gap" encountered by many minority contractors in UDC's "fast-track" which speeds design and construction. The Corporation has made drawings available to minority contractors at the earliest possible time, frequently even before it selects the builder. Where required, it has provided accelerated payments, since minority firms with limited assets often cannot afford to wait-out the standard period for payment.

Most importantly, CTDO and the Recruitment and Training Program, Inc. (R-T-P), another professional affirmative action organization, work with UDC to service minorities. Both organizations give substantive help. Both are headed by experienced professionals.

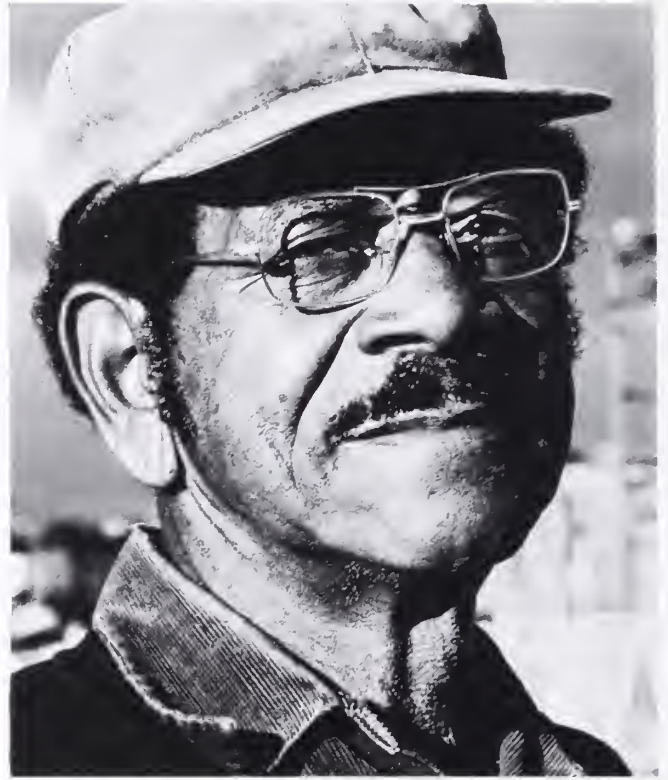
Working mainly in the Buffalo, Rochester, New York City and Westchester County areas, CTDO helps minority contractors prepare price proposals, negotiate with general contractors, schedule jobs and control costs. Its parent organization originated in Newark, New Jersey, following civil disturbances in 1967, to help minority contractors. In 1971, CTDO was established as a separate entity to work in New York State. Its head is 40-year-old Gurney Nelson, an engineer and licensed surveyor who chaired the Department of Civil Engineering at Southern University in Baton Rouge and, before accepting the CTDO directorship, was working for North American Aviation Corp.

CTDO helps minority contractors obtain financing needed to present to bonding companies. Under one of CTDO's programs, Morgan Guaranty Trust Company lends money to CTDO-recommended firms, and another affirmative action organization, the Opportunity Funding Corporation, guarantees loans on a selected basis.

R-T-P focuses on construction workers. Until 1972, it was affiliated with the Workers Defense League, which had responded to civil rights groups picketing construction sites in New York City by setting up an "outreach" field office in Bedford-Stuyvesant in 1964.

Executive Director of R-T-P is Ernest Green, a graduate of Michigan State University, with a master's degree in social work. He was one of the first black students to integrate Little Rock High School and one of the first young men to work for the R-T-P program.





Because the needs of minority workers and contractors are interrelated, R-T-P and CTDO often work hand-in-hand. CTDO, for instance, notified R-T-P when a masonry firm placed on a UDC jobsite in the Rochester area could not find enough skilled minority workers. R-T-P is now recruiting those workers. In New York City, the head of a plumbing firm, now working for UDC through CTDO's help, was originally placed in the apprenticeship program of the plumbers' union by R-T-P.

Problems, however, do still exist:

- less than one-half of one percent of the distributorships for construction-related materials in the State is owned by minority entrepreneurs;

- few minority firms can afford the initial start-up costs of industrialized building systems, which are

increasingly in use; and

- the degree of minority employment sought through so-called "hometown" plans, which are in effect in many areas of New York State, is generally lower than that sought by UDC.

At the same time, despite the scarcity of minority architectural firms, close to 11 percent of all UDC's architectural contracts has been let to minority firms alone or in joint ventures.

The results, positive and negative, should be evaluated in light of decade-long efforts to employ minorities in the construction of Federally assisted projects. While obstacles still exist, it could be said, by the end of 1973, that the barriers were less formidable than they had been. And that the efforts of CTDO, R-T-P and UDC had played a part. □□

Nearly 11 percent of UDC architectural work has gone to minority firms alone or in joint ventures. Reviewing plans for a Brooklyn development are James Doman (center) and Henry Wong (second from left) of Doman & Steo and UDC staff.



After Agnes: Putting It Back Together in the Chemung Valley



Government officials help Chemung Valley residents celebrate "Flood Recovery Day" with groundbreaking ceremonies for residential and commercial developments. From left are Frank D. Cerabone, Buffalo Area Director of the U.S. Department of Housing and Urban Development; UDC President Edward J. Logue; and S. William Green, HUD Region II Administrator.



Elmira amusement park in the aftermath of Tropical Storm Agnes, June, 1972.

On June 23, 1973, a year after Agnes, the sun was shining and people of Painted Post sought shelter from the heat. Exactly a year before there had been no sun. They had sought shelter from the chilling rain and rising water which spilled over and through concrete levees, killing at least 17 persons and destroying homes, businesses and entire communities in the Chemung Valley.

On this sunny Saturday, they came to the corner of Steuben and West Chemung Streets in Painted Post to celebrate what had happened in the time between, and to mark the start of construction on UDC flood recovery projects. These people of Painted Post and other communities — Elmira, Corning, Wellsburg — had come far in one year. Through the day's several celebrations, one theme was dominant: an inter-governmental effort, pursued jointly with the people of the Chemung Valley, had brought men and money together for recovery.

Morning ceremonies in Painted Post on "Flood Recovery Day," as it was called throughout the Valley, highlighted UDC's participation in the small village just west of Corning. There, with UDC President

Edward J. Logue, were others who had contributed in the flood recovery effort: S. William Green, U.S. Department of Housing and Urban Development (HUD) Regional Administrator; Frank D. Cera-bone, HUD Buffalo Area Director; William T. Smith, State Senator; Charles D. Henderson, State Assemblyman; Dr. David T. Schirmer, Painted Post Mayor; and Thomas J. O'Malia, III, Project Area Committee Chairman. The ceremonies marked the start of the Village Square Commercial Plaza. Developed by UDC as a 20-store complex suitable for individual ownership, the project will accommodate businesses displaced by the Agnes Flood, urban renewal activities, and attract new businesses into the community.

Minutes later another ceremony marked the construction start of the UDC Village Square Residential Project, a 75-unit development, to be completed in the summer of 1974, which will house low and moderate-income families and the elderly. Both the housing and commercial project sites were made available for new construction through the \$5.8 million "COMEBACK '72" Urban Renewal Project that UDC is administering.



Village Square Commercial Plaza, underway in Painted Post.



The Village Square apartments, Painted Post.

On the same day in Elmira, earth-moving ceremonies marked the construction start on UDC's Eastgate Homes, a 102-unit development on the City's East side. The participants included Senator William T. Smith; State Assemblyman L. Richard Marshall; Elmira Mayor Richard C. Loll; Elmira City Manager Joseph E. Sartori; and Elmira Urban Renewal Director Stanley J. Roth.

The ongoing cooperative movement toward recovery began days after the flood. In Elmira, UDC became part of the effort on July 11, 1972, when its President and staff members met with local officials and business leaders to discuss the Corporation's involvement in the Southern Tier's future. In October, 1972, in concert with Elmira and Chemung County officials, UDC presented the Plan for the New Elmira Urban Renewal Project. Two days before the Agnes anniversary, HUD announced approval of the \$58.2 million project, \$43.7 million as a Federal grant. The New Elmira development will make available over 95 acres for the construction of new housing, neighborhood commercial facilities and industrial development.

During the planning of the New Elmira development, in both its refinement stage and its implementation period, government officials have benefited from an invaluable ally, the Elmira Community Advisory Committee (CAC) to UDC. Headed by S. Roberts Rose, the Elmira CAC, which now also serves as the New Elmira Project Area Committee for the Elmira Urban Renewal Agency, has been an important liaison between local officials involved in the New Elmira Project and the Elmira community. By the early fall of 1973, the Committee had held or promoted over 70 community meetings to present and discuss redevelopment plans.

Cooperative efforts are also leading to long-range recovery progress elsewhere on the Southern Tier. In the City of Corning, the Villages of Riverside and Wellsburg and the Town of Erwin, urban renewal projects are underway utilizing over \$28 million in urban renewal grants from HUD. At the request of the Town of Erwin and the Villages of Riverside and Wellsburg, UDC is serving as the Urban Renewal Agency to implement these programs. The Economic Development Administration, an arm of

the U.S. Department of Commerce, has committed over \$6 million for sewer and waste improvements in Wellsburg, Hornell, Big Flats and Southport, the construction of the new Walnut Street Bridge and the Eastside Industrial Park in Elmira.

As the anticipated amount of Federal categorical grant dollars increased, the local governments were faced with a critical problem: how to provide the "matching" funds typically required in such Federal programs. The amount of the "local share" money required, although only a small fraction of the total costs, was beyond the financial capacity of most local governments.

Responding to articulate community leaders and local officials, Governor Rockefeller and the New York State Legislature filled the dollar gap. In the Deficiency and Supplemental Budgets, the State appropriated \$37,113,000 to finance the required local share for Federal grants.

The appropriations covered 27 different disaster recovery projects in 11 communities, from the City of Salamanca in Cattaraugus County to the Village of Wellsburg in Chemung County. The projects in-

clude urban renewal programs in eight communities, storm and sanitary sewer improvements in three, water systems construction in three and open space park development in four. The entire amount was appropriated to UDC for distribution to the individual localities.

The State funds match Federal dollars from HUD, the Economic Development Administration and the Bureau of Outdoor Recreation of the Department of the Interior.

The State also allocated \$4 million to the Department of Environmental Conservation for expansion and improvement of the flood protection system in the Gang Mills area in the Town of Erwin in Steuben County. The new system will better protect extensive existing development from flooding and also will make available many acres for new housing, as well as commercial and industrial construction.

History has many exciting episodes that tell how people got together to rebuild after severe natural disasters. The Chemung Valley may furnish a new chapter. □□



Eastgate Homes, 102 apartments being built on Elmira's East side.



A new Walnut Street Bridge for Elmira.



Niagara Falls: Yesterday and...



Nineteenth-century Niagara Falls was a town for honeymooners. A wedding party views the sights in 1865 (at left). Accommodations for the most prestigious visitors, such as President Lincoln, were provided by The Cataract House, built in 1825 (bottom right). In the 1970's, the UDC-financed International Convention Center (top right) will accommodate a new kind of tourist.



Ask visitors to the United States what things they would like most to see and Niagara Falls will be among the first mentioned.

Although industry, powered by the Niagara River, has provided the City of Niagara Falls with the larger part of its economic base, it is tourists and the word they spread that has given "The Falls" a flavor and history all its own.

Since 1678, when Father Louis Hennepin, who historians claim was the first European ever to view the Falls, returned home to tell of it, many millions have followed. As early as 1820, close to 20,000 visi-

tors spent part of the summer here. In the 1850's, the Falls became a two-week vacation stopover on railroad-sponsored excursions. By the beginning of the 20th century, honeymooners found a romantic setting and stately accommodations.

In the 1950's the tourists were still coming to visit. The trouble was they weren't staying. With the car, families could see the Falls and leave the same day they arrived. At the same time, new restaurants and motels attracted tourists to the other side of the Falls. Many people who came to see what is one of America's great scenic wonders spent the night in Canada.

Tomorrow

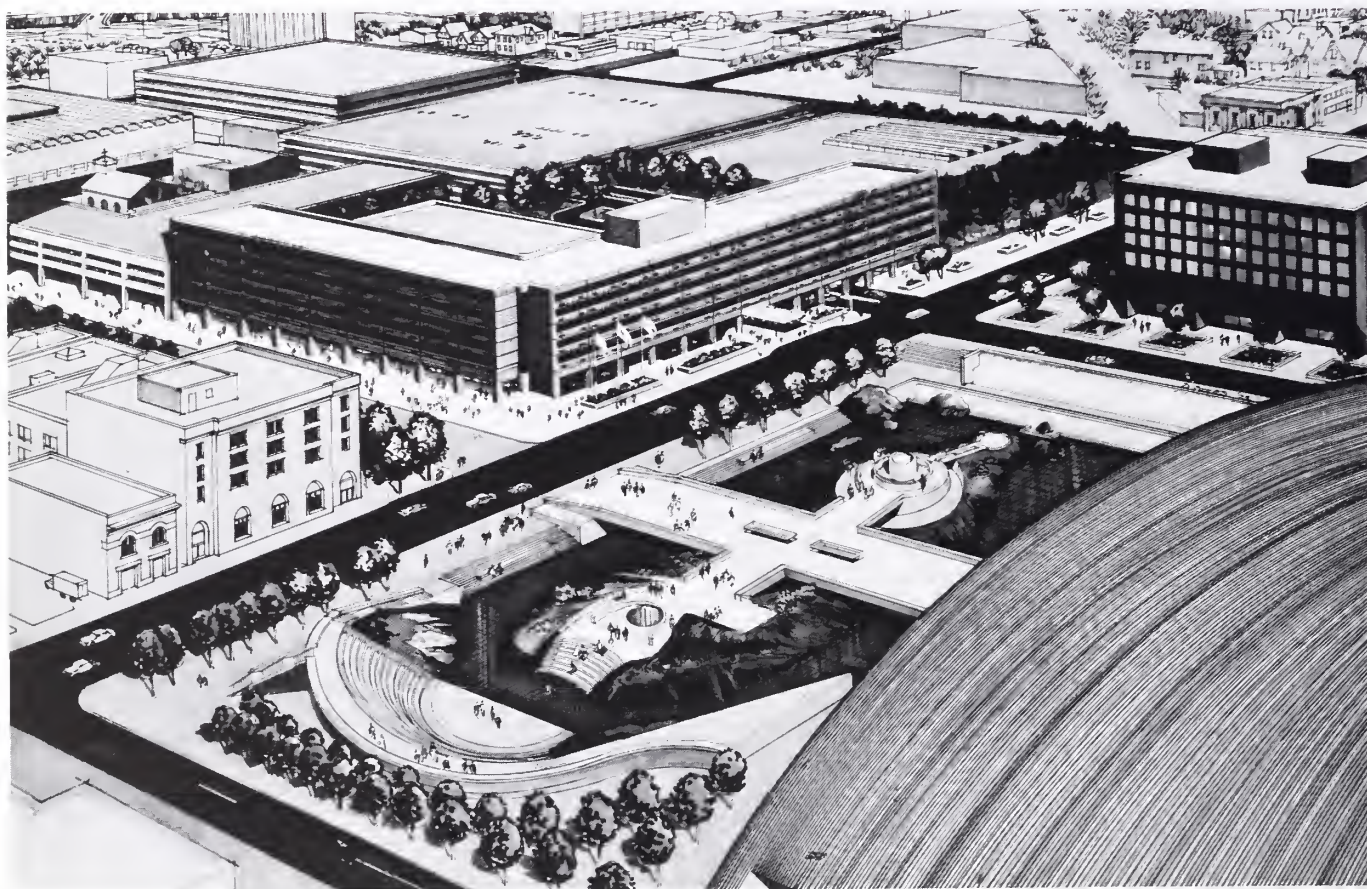
Now part of the skyline, the newly completed convention center will soon serve the “new tourism.” With a seating capacity for 8,000 persons, it will accommodate business and professional conventions, industrial exhibitions, concerts and sports events.

Next door to the UDC-financed convention center, which will be leased to the City, is a 420-room headquarters hotel which a Niagara Frontier development group began building under UDC auspices in May, 1973. Not far away are the new offices of the Carborundum Company, Niagara Falls’ largest employer.

Also part of the same complex, now known as Rainbow Center, will be theaters, retail shops, more than 200 residential apartments, parking and a pedestrian mall.

In 1973, a UDC subsidiary, the Rainbow Center Development Corporation (RCDC) was formed to focus all resources, financial and governmental, on this redevelopment effort. RCDC is governed by Mayor E. Dent Lackey, other City officials, as well as representatives of UDC and the Niagara Falls business community. At their first meeting on October 11, the Directors elected Former New York State Senate Majority Leader Earl W. Brydges, Chairman.

Niagara Falls has been designated one of America’s Bicentennial cities. It was the first city to receive the designation. The hotel will be completed in 1975. In 1976, those who come to celebrate the nation’s 200th anniversary will find Niagara Falls a nice place to visit — and a nice place to stay. □□



A 420-room headquarters hotel, which went into construction in May, 1973.



UDC President Edward J. Logue and Niagara Falls Mayor E. Dent Lackey (top left) discuss the Rainbow Center development, which includes the 8,000-seat Convention Center, shown under construction.



UDC Directors

Alton G. Marshall, Chairman*
President, Rockefeller Center, Inc.

Harry W. Albright, Jr.**
NYS Superintendent of Banks

Patrick J. Campbell
President, New York State Council of Carpenters;
General Executive Board Member
United Brotherhood of Carpenters

Kenneth B. Clark
President, Metropolitan Applied Research Center

Neal L. Moylan**
NYS Commissioner of Commerce

Benjamin R. Schenck**
NYS Superintendent of Insurance

Richard A. Wiebe**
Director, NYS Office of Planning Services

Charles A. Winding
Chairman of the Executive Committee
Marine-Midland Banks, Inc.

George D. Woods
Former President of the International Bank for
Reconstruction and Development (World Bank);
Director, First Boston Corporation

* Resigned December 12, 1973

** *Ex officio* members



UDC Senior Staff

Central Office

Edward J. Logue, President and Chief Executive Officer

John G. Burnett, Executive Vice President

Robert G. Hazen, General Manager/Acting Director,
New York City Region

Stephen A. Lefkowitz, General Counsel

Robert P. Adelman, Director of Finance and Treasurer

D. David Brandon, Director of Program Development

Herbert A. Tessler, Director of Design and Construction

Frank S. Kristof, Director of Economics and Housing
Finance

Marion Scott, Director of Housing Management and
Regulation

Michael G. Carew, Corporate Finance Officer and
Assistant Treasurer

Donald J. Cogsville, Affirmative Action Officer/General
Manager, Harlem Urban Development Corporation

Ethan Curtis Deinard, Director of Fiscal Planning and
Budgets

Peter Kory, Director of Commercial Development

Theodore Liebman, Chief of Architecture/Chief of
Architecture and Design, Roosevelt Island Development
Corporation

Kenneth E. McLaughlin, Director of Real Estate
Transactions

Robert E. Mackin, Director of Public Affairs

George J. Moskowitz, Director of Auditing

T'ing Pei, Director of Civic Development

David Stadtmauer, Director of Industrial Development

Barry S. Tobias, Controller

Louis A. Vassallo, Director of Commercial Market and
Financial Evaluation

Subsidiaries

George S. Hirsch, Executive Vice President, Rainbow
Center Development Corporation

Robert Litke, Executive Vice President, Roosevelt
Island Development Corporation

David F. Parker, President, Audubon Development
Corporation

Richard H. Pine, President, UDC-Greater Rochester, Inc.

Jack E. Wood, Jr., President, Harlem Urban
Development Corporation

* * *

Field Offices

William H. Hayden, Director, New York City Region,
presently on leave.

William C. Marcus, General Manager, Lysander New
Community

Daniel L. Miller, Director, Southern Region

John R. Searles, Jr., Local Executive Officer, Syracuse
Area

Robert D. Sipprell, Local Executive Officer, Buffalo-
Niagara Frontier Area

Gilbert T. Smith, Local Executive Officer, Southern Tier
Area

John J. Thompson, Director, Northeastern Region

* * *

UDC Finance

NEW YORK STATE URBAN DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE

ASSETS

	<u>October 31, 1973</u>	<u>October 31, 1972</u>
Cash	\$ 264,000	\$ 1,201,000
Temporary investments in certificates of deposit and Federal obligations—at cost, which approximates market	125,958,000	82,952,000
Interest receivable on temporary investments	1,584,000	685,000
Interest subsidies receivable	2,707,000	—
Project development fees receivable—Note C	10,540,000	6,966,000
New York State appropriations receivable—Note H(2)	6,306,000	1,330,000
Flood area program costs recoverable from Federal and State grants	4,576,000	2,616,000
Project costs, deferred, net of reserves of \$4,500,000 (1973) and \$3,100,000 (1972)—Notes B(1), D, E and G(6)	147,074,000	90,628,000
Mortgage loans and advances receivable, net of reserves of \$4,700,000 (1973) and \$800,000 (1972)—Notes E and G	470,487,000	234,696,000
Leased projects, net of reserves of \$2,050,000 (1973) and \$500,000 (1972)—Note F	33,283,000	21,856,000
Fixed assets—at cost, net of accumulated depreciation and amortization of \$797,000 (1973) and \$472,000 (1972)	947,000	1,112,000
Other assets, including net deferred interest of \$3,435,000 (1973) and \$3,608,000 (1972)—Note B(4)	7,410,000	5,222,000
Debt service reserve funds—restricted—at cost—Note I(1)	43,803,000	29,396,000
Total Assets	<u>\$854,939,000</u>	<u>\$478,660,000</u>

The accompanying notes are an integral part of these statements.

See accompanying Accountants' Report.

LIABILITIES AND FUND BALANCE

	<u>October 31, 1973</u>	<u>October 31, 1972</u>
Accounts payable and other liabilities	\$ 26,082,000	\$ 20,813,000
Accrued interest payable	7,603,000	7,632,000
New York State first instance advances—Note A(3)	49,802,000	49,802,000
Mortgages payable	1,418,000	2,497,000
Bond Anticipation Notes—Note I(2)	175,000,000	—
General Purpose Bonds—Note I:		
1971 Series A—net of unamortized discount of \$3,371,000 (1973) and \$3,551,000 (1972)	241,599,000	243,979,000
1972 Series A—net of unamortized discount of \$2,157,000 (1973) and \$2,232,000 (1972)	147,843,000	147,768,000
1973 Series A—net of unamortized discount of \$2,963,000	197,037,000	—
Deferred revenues—net—Note G(5)	5,640,000	4,668,000
Total Liabilities and Net Deferred Revenues	<u>852,024,000</u>	<u>477,159,000</u>
Fund Balance—Note B(5)	2,915,000	1,501,000
Commitments, Contingencies and Other Comments—Notes A, D, E, F, G, I and K		
 Total Liabilities and Net Deferred Revenues and Fund Balance	 <u><u>\$854,939,000</u></u>	 <u><u>\$478,660,000</u></u>

The accompanying notes are an integral part of these statements.

See accompanying Accountants' Report.

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF OPERATIONS

	<u>For the Years Ended October 31,</u>	
	<u>1973</u>	<u>1972</u>
Revenues:		
Fees—Note B(2)	\$16,885,000	\$14,699,000
Interest and lending agency charge—net of \$4,965,000 (1972) deferred— Notes B(3), B(4) and G(2)	35,857,000	13,458,000
	<u>52,742,000</u>	<u>28,157,000</u>
Expenses:		
Costs, excluding interest, applicable to projects sold or leased—Note B(1)	4,997,000	5,518,000
Operating expenses, net of \$4,194,000 (1973) and \$4,845,000 (1972) deferred—Notes B(1) and D(1)	8,583,000	7,995,000
Provisions for possible losses—Notes D(2), F(2), F(3) and G(4)	13,967,000	3,950,000
Interest, net of \$2,856,000 (1973) and \$6,798,000 (1972) deferred—Notes B and D(1)	30,757,000	11,400,000
	<u>58,304,000</u>	<u>28,863,000</u>
(Excess) of expenses over revenues before New York State regular fund appropriations	(5,562,000)	(706,000)
New York State regular fund appropriations applicable to expenses charged to operations or deferred—Note H(2)	<u>6,976,000</u>	<u>1,392,000</u>
Excess of revenues and New York State regular fund appropriations over expenses—Note D(2)	<u>\$ 1,414,000</u>	<u>\$ 686,000</u>

The accompanying notes are an integral part of these statements.

See accompanying Accountants' Report.

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF SOURCES AND USES OF CASH

	For the Years Ended October 31,	
	<u>1973</u>	<u>1972</u>
Sources:		
Proceeds from sale of General Purpose Bonds—net of bond discount	\$197,000,000	\$147,750,000
Proceeds from sale of Bond Anticipation Notes	300,000,000	75,000,000
Decrease in temporary investments—net		80,410,000
Cash revenues derived from operations, excluding amounts included in mortgage loans and advances receivable and leased projects—Notes B(2) and B(3)	17,077,000	3,044,000
Permanent project mortgage loan payments received	65,000	
New York State regular fund appropriation	2,000,000	62,000
Collection of project development fees receivable at beginning of year . . .	1,901,000	
Increase in accounts payable and other liabilities and accrued interest payable	5,240,000	8,510,000
Other—net	1,220,000	3,897,000
	<u>524,503,000</u>	<u>318,673,000</u>
Uses:		
Deposits in debt service reserve fund	14,407,000	11,476,000
Redemption of General Purpose Bonds	2,560,000	2,470,000
Payment of Bond Anticipation Notes	125,000,000	75,000,000
Payment of installment due on New York State first instance advances . . .		5,534,000
Increase in temporary investments—net	43,006,000	
Expenses charged to operations—net of non-cash items	50,607,000	26,332,000
Increase in mortgage loans and advances receivable and leased projects, less fees and interest included therein:		
Mortgage loans and advances	211,181,000	144,071,000
Leased projects	11,610,000	16,307,000
Increase in project costs, deferred	57,846,000	35,457,000
Increase in flood area program costs	1,960,000	2,616,000
Increase in interest subsidies receivable	2,707,000	
Decrease in mortgages payable—net	1,079,000	996,000
Other—net	3,477,000	1,870,000
	<u>525,440,000</u>	<u>322,129,000</u>
(Decrease) in cash	(937,000)	(3,456,000)
Cash balance at beginning of year	1,201,000	4,657,000
Cash balance at end of year	<u>\$ 264,000</u>	<u>\$ 1,201,000</u>

The accompanying notes are an integral part of these statements.
See accompanying Accountants' Report.

NEW YORK STATE URBAN DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Financial Statements as at October 31, 1972 and for the year then ended are shown for comparative purposes. Reference should be made to the Financial Statements, including the Notes thereto, included in the 1972 Annual Report of the Corporation and to the Accountants' Report on the 1972 Financial Statements, which expresses no opinion as to the statement of assets, liabilities and fund balance and the statement of operations but does express an opinion on the statement of sources and uses of cash.

Note A—Activities:

(1) The New York State Urban Development Corporation ("UDC" or the "Corporation") was created in April 1968 by the New York State Urban Development Corporation Act ("Act") as a corporate governmental agency of the State of New York ("State") constituting a political subdivision and public benefit corporation.

Pursuant to and in accordance with the Act, UDC is authorized to plan, design, acquire, develop and construct certain (i) residential housing developments for low, moderate and middle income tenants, (ii) industrial and commercial facilities and (iii) civic facilities. UDC is also authorized to plan and undertake the clearance, reconstruction and redevelopment of substandard or insanitary areas within the State. It undertakes projects within this authorization at the request of municipalities, the State, private persons or at its own initiative, to meet public needs not met by private enterprise.

(2) UDC primarily relies on borrowed funds to meet the requirements of its development and mortgage lending program. It is authorized by the Act to issue its own bonds and notes. As is generally the case with real estate development operations, UDC begins to expend these borrowed funds for projects several years in advance of the time when such projects will generate cash. Hence, as indicated in the accompanying consolidated statements of sources and uses of cash, UDC's cash receipts from sources other than borrowings are less than its cash requirements for operating expenses and debt service. It is UDC's present estimate, based upon its operating experience to date and a variety of constantly changing assumptions about the future, that such condition will continue through its fiscal year ("FY") ending October 31, 1981. Substantial new construction starts which have the effect of extending the construction and rent up period beyond FY 1981, could cause such condition to continue beyond FY 1981. For the magnitude of additional borrowing requirements, see Note I(3).

(3) Prior to UDC's first bond issue in February 1971, UDC's activities were principally financed by appropriations from the State. The bulk of those appropriations were "first instance" advances, which are to be repaid to the State without interest. The balance were "regular fund" appropriations, which are received as grants and do not require repayment.

The first instance advances are to be repaid in accordance with applicable State law and an agreement of June 23, 1973 between UDC and the State Director of the Budget ("Director"), which requires repayment through annual installments beginning with \$2,000,000 on November 30, 1974, increasing by \$1,000,000 per year to \$7,000,000 due on November 30, 1979, with the balance of \$22,802,000 due on November 30, 1980.

(4) UDC continues to seek annual, regular fund State appropriations to fund certain recurring high risk and nonrevenue producing activities it undertakes pursuant to its public mandate and for certain other aspects of its operations. In March 1973, the State Legislature enacted a regular fund appropriation of \$4,500,000 for UDC for the above-described purposes for the State's fiscal year beginning April 1, 1973. In FY 1974, UDC will require State appropriations to cover that portion of its expenses charged to operations and not covered by operating revenues because it is seeking to maintain present production capacity despite recent reductions in or elimination of Federal housing assistance programs which have led to a reduction in the number of starts of UDC's housing projects. As a result of this reduction in project starts, UDC's fee revenues from projects will be reduced in FY 1974 or thereafter. Following UDC's request, the Governor has recommended in his Executive Budget for the State's fiscal year beginning April 1, 1974, a regular fund appropriation for UDC in the amount of \$12,350,000. This recommendation is subject to the approval of the State Legislature.

In June 1973, the Legislature enacted a law that prohibits UDC from going forward with certain residential projects in towns and villages over the objection of local governing bodies. This legislation also provided for a

\$3,200,000 appropriation to UDC for reimbursement of the actual net cost incurred by UDC with respect to residential projects that are terminated, including terminations resulting from the prohibition in such legislation. This same legislation also increased UDC's borrowing authorization from \$1.5 billion to \$2 billion to permit the planned continuation of other UDC programs.

(5) UDC's activities are divided primarily into three distinct functions: development, financing and regulatory.

In its role as developer, UDC takes what it considers necessary risks to bring together the component parts of a project, namely, land, feasibility determination, design, construction, financing and third-party owners and lessees, for its residential, commercial, industrial and civic project program. UDC bears certain risks as developer and incurs most of the costs until such time as a project is sold, leased or terminated.

UDC functions as a financing agency by providing both construction or interim financing (mortgage advances) and long-term financing (mortgage loans) for, generally, 95% of the cost for residential projects and up to 100% for nonresidential projects, which have been sold or leased to third parties.

From the beginning of each residential project, UDC functions as a regulatory agency to ensure compliance with the New York State Private Housing Finance Law. After occupancy, UDC supervises the third party owner's management of each residential project.

Note B—Principles of Accounting and Basis of Preparation:

(1) In performing its functions as a developer, UDC incurs costs in determining the feasibility of potential projects and costs relating to the construction and development of such projects. These costs are accumulated to the point of sale or lease of each project. Under such cost accumulation system, the following costs are capitalized with respect to each project: (i) direct costs incurred (land acquisition, planning and design and construction), (ii) interest expense on borrowed funds used to finance the project and (iii) operating expenses allocable to projects (salaries and other indirect costs incurred in relation to the planning, evaluation, preparation, development or financing of projects).

The direct costs of each project plus related interest during the period of construction (the major portion of total project cost) are to be recovered as follows:

In the case of projects that are sold and for which UDC furnishes the short and long-term financing (which covers the majority of UDC projects), such costs are charged to the UDC mortgage loan advance at the time of sale, to the extent then incurred, and are to be recovered by repayment of such mortgage commencing after the completion of the project.

Where no UDC mortgage financing is to be provided, these costs are to be recovered from the purchaser at the time of project sale.

In the case of projects that are leased, such costs are to be included in the basis on which rental payments are computed.

The allocation of UDC operating expenses to projects is based primarily on staff time records or on the functions of the organizational units involved. These costs are deferred until a project is sold or leased, at which time they are expensed (costs applicable to projects sold or leased). These costs are generally recoverable by the fees earned when projects are sold or leased.

In instances where an adverse determination (due to project termination or otherwise) as to the recoverability of any of the above costs is made, a reserve is provided in the period in which such determination is made by a charge to operations (see Notes D(2) and G(4)).

(2) UDC charges various fees, at the time a project is sold or leased, for risks borne and services rendered to that date. Thereafter, UDC charges fees when the service or costs to which such fees relate are performed or incurred. All fees so charged are usually included in the project mortgage, except (in the case of residential projects) UDC's

Project Development Fee, Lending Agency Charge (to the extent it relates to the post construction period) and Regulatory Agency Fee, which are to be paid to UDC from project revenues or from funds provided by the project owner. Fees and interest are generally recognized as income when charged, except where (i) the project sale is subject to a material condition whose occurrence would obligate UDC to repurchase the project, (ii) the obligation for future payment is subject to material conditions, (iii) the project purchaser has not paid or adequately secured a significant portion of the equity financing to be provided for the project, or (iv) at the time of sale there exist unusual, unquantifiable uncertainties as to the recoverability of project costs not otherwise reserved for. See Note G(5).

(3) UDC generally charges interest and a Lending Agency Charge to each project from the date UDC expends funds for the project, at rates higher, by defined amounts, than the interest rates incurred by UDC in borrowing such funds. The interest charged is taken into income commencing at the time a project is sold or leased, at which time interest costs previously deferred are expensed. UDC's interest charges to residential projects prior to project completion are included in UDC's mortgage loan advances.

(4) UDC issued long-term bonds in February 1971 and in August 1972, in order, among other considerations, to establish a borrowing capability in the bond market commensurate with the size of its program. The amount of such bond issues exceeded UDC's then current needs. These excess funds were temporarily invested. The excess (\$3,779,000) of the interest cost attributable to that portion of the proceeds of such bond issues which was temporarily invested pending its use in UDC projects (including \$5,564,000 (1972)) over the interest income earned from such investments (including \$4,965,000 (1972)) is being amortized over the lives of such bond issues. Following these initial long-term borrowings, UDC, in FY 1973, instituted a regular financing policy whereby it borrows both long and short-term funds based primarily upon its project needs. Therefore, any differential between interest income and expense attributable to temporary investments of borrowed monies is recognized in current operations.

(5) The increase in Fund Balance during the years ended October 31, 1973 and 1972 consists of the excess of revenues and the State regular fund appropriations over expenses.

(6) The accompanying financial statements include the accounts of all UDC subsidiaries as defined in the Act other than subsidiaries engaged in the projects which have been sold by UDC (whether or not such sale gave rise to income and expense recognition) as at October 31, 1973 and 1972.

Note C—Project Development Fees Receivable:

UDC's Project Development Fees are recognized as income as described in Note B(2) and are paid over, or at the end of, a fixed period after the sale of the projects to which they relate. Project Development Fees receivable are estimated to be due as follows:

	October 31, 1973
During the Fiscal Year ending October 31, 1974	\$ 5,749,000
1975	4,315,000
1976	891,000
1977	288,000
	<hr/> 11,243,000
Less: Unamortized discount based on imputed interest at 7½ % per annum. . .	703,000
	<hr/> <u>\$10,540,000</u>

At October 31, 1973, \$8,097,000 of such receivable was secured by unconditional, irrevocable bank letters of credit or comparable security acceptable to UDC. The remaining balance of \$3,146,000 of such fees receivable is unsecured, including \$1,224,000 due FY 1975 and thereafter.

Note D—Project Costs, Deferred:

(1) Costs relating to projects which had not been sold, leased or terminated as of October 31, 1973 and 1972, respectively, consist of the following:

	<u>1973</u>	<u>1972</u>
Projects in Pre-Construction Phase:		
Land	\$ 12,912,000	\$12,750,000
Planning, evaluation, design and initial development..	6,090,000	8,839,000
Interest	422,000	223,000
Allocated Expenses	1,416,000	3,019,000
	<u>20,840,000</u>	<u>24,831,000</u>
Projects in Construction:		
Land	9,678,000	7,104,000
Planning, evaluation, design and initial development..	11,789,000	3,202,000
Construction	45,813,000	19,252,000
Interest	1,797,000	496,000
Allocated Expenses	3,510,000	1,630,000
	<u>72,587,000</u>	<u>31,684,000</u>
New Community Developments—Component Projects and Activities in Pre-Construction Phase or Con- struction:		
Land	18,802,000	17,232,000
Planning, evaluation, design and initial development..	12,845,000	8,093,000
Construction	20,719,000	7,893,000
Interest	1,602,000	848,000
Allocated Expenses	4,179,000	3,147,000
	<u>58,147,000</u>	<u>37,213,000</u>
	151,574,000	93,728,000
Less: Reserve for possible project losses.....	(4,500,000)	(3,100,000)
Project costs, deferred—net of reserve.....	<u>\$147,074,000</u>	<u>\$90,628,000</u>

With respect to projects in the pre-construction phase of development, UDC frequently makes substantial expenditures (including costs for site testing and preliminary design) to determine the economic feasibility of a project, whether it represents an effective means of meeting community needs and whether the financing and other arrangements (in the case of residential projects, including interest subsidies and rent supplement assistance) for building and operating the project can be satisfactorily concluded. UDC also expends funds for land acquisition for proposed projects. These project costs are usually deferred until a project is sold or leased or terminated. (See Note B(1).) Included in the caption Land in Projects in Pre-Construction Phase in the foregoing table as at October 31, 1973, is approximately \$1,300,000 applicable to terminated projects, the loss on disposition of which is to be recovered from the June 1973 New York State regular fund appropriation for this purpose. For the years ended

October 31, 1973 and 1972, approximately \$503,000 and \$1,438,000, respectively, of costs were charged to operations for expenditures (not exceeding \$10,000 in the case of any individual project) incurred for projects and, in 1972, for certain project-related feasibility studies.

(2) UDC has established a reserve based upon reviews of each of its projects, to provide for the possibility that certain of its projects, for which UDC has incurred project costs, might not prove to be feasible or, where under construction, might incur cost overruns. For the year ended October 31, 1972, \$2,050,000 of project costs incurred was charged against such reserve and \$2,650,000 was provided for the reserve by a charge to operations. For the year ended October 31, 1973, \$6,617,000, net, was charged against such reserve, and \$8,017,000 was provided for the reserve by a charge to operations. The March and June 1973 State regular fund appropriations discussed in Note A(4) allow UDC to recover from the State costs of certain projects. UDC had provided reserves of \$1,754,000 at October 31, 1972, for such projects, which reserves were therefore not required to be re-established at October 31, 1973. Accordingly, the elimination of the need for such reserves had the effect of increasing the "Excess of revenues and New York State regular fund appropriations over expenses" in FY 1973 by a like amount. More extensive periods of activity will be required to provide a basis for evaluation of the adequacy of this reserve.

(3) The total development cost of UDC's three new communities (Roosevelt Island, Audubon and Lysander) is estimated at \$1,350,000,000. A total of \$443,000,000 of such development cost is estimated to be financed by UDC, of which, expenditures or contractual commitments of approximately \$165,000,000 have been incurred at October 31, 1973. Although there are alternative sources of financing available, if, in fact, UDC does finance all of the remaining portion of such \$443,000,000, this may require borrowings and expenditures by UDC, over time, of amounts which, together with required borrowings for other projects completed or under construction, will exceed the maximum amount of bonds and notes which UDC is presently authorized to issue. These projects require a long-term period for their development. Generally, recovery of new community costs is dependent upon the successful development of the new community as a whole. Generally, the costs of planning, initiation and infrastructure, including roads, parks, etc., (estimated at \$200,000,000) are to be recovered (i) when Federal or other grants are received pursuant to arrangements which for the most part remain to be made, (ii) from anticipated gains on future sales of land within the new community or (iii) from user charges and from other revenue to be derived from the development. Although UDC has no assurance, UDC expects that these costs are recoverable; accordingly, no reserve is provided therefor.

(4) UDC had, at October 31, 1973, seven projects under construction on sites as to which it has not yet acquired title. Construction had, as of such date, passed the site preparation stage on five of these projects with an estimated total cost at completion of \$41,800,000. Costs incurred at October 31, 1973, with respect to such projects aggregated \$7,000,000. In each instance, construction commenced pursuant to license arrangements with municipal urban renewal agencies or other governmental agencies permitting construction to commence prior to conveyance of such sites to UDC. Such arrangements usually provide for restoration of the land to its original cleared site condition if the licensor fails to sell or UDC fails to purchase the property involved. UDC expects to receive satisfactory title to such properties, as it has in the past as to all of its projects started under similar license arrangements; accordingly, no reserve has been provided with respect to this matter.

(5) See Notes E(4) and G(6).

Note E—Subsidies for Residential Projects:

(1) Most UDC residential projects now under construction or in the pre-construction pipeline are planned for occupancy by low and moderate income tenants. In carrying out its program, UDC has been and expects to continue to be dependent upon obtaining or arranging for interest subsidies and related rent supplement assistance provided by the Department of Housing and Urban Development ("HUD") which subsidies and assistance are necessary for the economic feasibility of such program. The subsidies and assistance reduce the amount of income projects must generate from tenant rentals in order to meet debt service obligations on UDC's mortgage loans. The interest subsidies are generally sufficient to cover approximately 60% of the debt service payments to be received by UDC with respect to such projects. UDC usually obtains administrative reservations or allocations

(collectively "administrative assurances") for the future receipt of such subsidies and assistance. These administrative assurances, which are not contractual commitments, have been obtained by UDC prior to or during construction of the applicable projects. Payment of the subsidies and assistance by HUD commences upon the execution of a contract and when either a portion or all of the dwelling units in the applicable project are completed. In order to obtain an interest subsidy contract, UDC must fulfill certain pre-conditions imposed by HUD, including those relating to cost comparability, marketability, environmental impact and housing opportunity for minority groups; the fulfillment of such pre-conditions is also a prerequisite to obtaining a rent supplement contract. In some cases, particularly when lengthy environmental impact statements must be filed for projects, UDC expects that this processing may delay receipt of subsidy funds until after project completion and occupancy with possible loss to UDC. Although it has no assurance, UDC expects that all such pre-conditions will be satisfied on a timely basis and that contracts will be executed in the amount of such administrative assurances for all such projects; accordingly, with the exception of one project, no reserve for possible loss has been established with respect thereto.

The following table summarizes the status at December 31, 1973 of contracts and administrative assurances for interest subsidies and rent supplement assistance for all residential projects (both prior to and subsequent to the date of project sale).

	<u>Number of Projects</u>	<u>Dwelling Units</u>	<u>Annual Interest Subsidy Required (\$000)</u>	<u>Annual Rent Supplement Subsidy Required (\$000)</u>	<u>Estimated Total Cost (\$000)</u>	<u>Cost Incurred At October 31, 1973 (\$000)</u>
A. Projects with construction starts or completed:						
I. Projects not requiring Federal assistance	9	1,988	—	—	\$ 87,956	\$ 25,331
II. Projects with executed interest subsidy contracts	78	20,616	\$29,648	\$ 7,164*	686,222	370,506
III. Projects with administrative assurances for interest subsidy funds (no contract):						
a. No unsatisfied requirements remaining	6	3,396	6,097	1,089	135,293	38,190
b. With unsatisfied requirements remaining	17	6,253	9,533	1,987	244,351	82,797
IV. Projects requiring other Federal assistance (see Note E(4) below)	2	936	—	—	30,601	16,961
Total	<u>112</u>	<u>33,189</u>	<u>\$45,278</u>	<u>\$10,240</u>	<u>\$1,184,423</u>	<u>\$533,785</u>
B. Projects not in construction:						
I. Projects not requiring Federal assistance	3	760	—	—	\$ 33,981	\$ 109
II. Projects with administrative assurances for interest subsidy funds (no contract, with unsatisfied requirements remaining)	5	638	\$ 834	\$ 239	19,542	210
III. Projects without administrative assurances for interest subsidy funds (no contract) ..	12	2,966	4,660	452	103,652	588
Total	<u>20</u>	<u>4,364</u>	<u>\$ 5,494</u>	<u>\$ 691</u>	<u>\$ 157,175</u>	<u>\$ 907</u>

* This figure represents subsidy applied for all such projects; of this amount, contracts have been obtained on 33 projects for \$4,300,000, and administrative assurances have been obtained for the balance.

Compared with similar data reported with the FY 1972 financial statements, caption A. III. of the above table shows 35 fewer projects under construction which did not have executed interest subsidy contracts. Interest subsidy contracts were executed for 47 projects, while construction was started on 12 new projects which had administrative assurances as to the subsidies but did not have executed subsidy contracts.

(2) UDC's practice is to submit to HUD applications for rent supplement assistance at the same time that it submits interest reduction subsidy applications. Rent supplement assistance is in many cases necessary for economic feasibility for projects containing units with three or more bedrooms located in large metropolitan areas. On all of its residential projects completed or under construction, UDC has received contracts or administrative assurances of rent supplement funds in an amount sufficient to allow for marketing of such larger units.

(3) On September 19, 1973 the Federal Government announced that it did not intend to continue to provide housing assistance for the future in the form of interest and rent supplement subsidies supporting new construction, except for a limited continuation of the present interest subsidy program while the Congress is considering new Federal housing legislation. This announcement had been preceded by a moratorium on new commitments under the above described interest subsidy and rent supplement programs starting in January 1973. As indicated in the above table, UDC has obtained signed contracts for, or administrative assurances of the availability of, interest reduction subsidies covering all of its residential projects completed or under construction at December 31, 1973 and a portion of its residential projects which are scheduled to start construction thereafter. Except for such projects, UDC does not know the extent to which other Federal subsidy programs are feasible or available for use with UDC's present projects or whether additional Federal subsidies will be available for projects now in planning; nor does UDC know what the effect will be of future Federal housing assistance programs on UDC's ongoing housing program.

A number of residential projects, requiring but presently without administrative allocations of interest reduction subsidies, are, as indicated in the above table, in various stages of UDC's pre-construction project pipeline. UDC intends to start construction on such projects only when it has received administrative assurances from HUD for the required Federal subsidies or when it has determined that (as might be possible in only a few cases) the projects with appropriate changes in plans or design can be feasibly developed without need for Federal subsidy. If or to the extent that Federal subsidy funds are not made available for such projects, UDC may be unable to recover its project pipeline costs incurred. Accordingly, all of the costs incurred at October 31, 1973 (\$588,000) for such projects are fully covered by reserves.

(4) UDC is constructing two projects for sale upon completion to the New York City Housing Authority and has entered into a contract with the Authority for one of these projects. UDC is currently negotiating with the Authority for the sale of the second project. The Federal subsidy funds required by the Authority to purchase such project have not been made available to it; however, UDC expects that such required funds will shortly be made available, subject to satisfaction of various preconditions. At October 31, 1973, UDC had incurred \$8,300,000 of costs for such project. UDC expects to enter into a contract with the Authority which will enable it to recover its total estimated development costs aggregating approximately \$15,000,000; accordingly, no reserve has been provided for this project.

Note F—Leased Projects:

(1) UDC's leased projects, as summarized below, customarily are non-residential and are leased to users prior to or at the completion of construction on terms designed to enable UDC to recover its costs.

	October 31	
	1973	1972
Under construction	\$25,542,000	\$15,019,000
Completed	9,791,000	7,337,000
	35,333,000	22,356,000
Less: Reserve for possible losses on leased projects.....	(2,050,000)	(500,000)
Leased projects—net of reserve.....	<u>\$33,283,000</u>	<u>\$21,856,000</u>

(2) UDC financed the construction of a department store building in Syracuse with a cost of approximately \$6,900,000. Such building and underlying land were leased to a local department store company which, on January 22, 1974, was adjudicated a bankrupt under Chapter VII of the Bankruptcy Act. As of October 31, 1973,

UDC had reduced its carrying amount for such project to \$5,600,000. The \$1,300,000 reduction consists of: (i) a charge against the \$500,000 reserve for possible losses established in the prior year and (ii) the application of cash receipts of \$500,000, received upon the liquidation of collateral securing the performance of such lease, and of \$300,000 of rental payments, to the carrying cost of the project. During FY 1973, a reserve of \$850,000 has been established to provide for additional losses that may be incurred resulting from the bankruptcy of the local department store company and the future negotiation of a new lease with another tenant.

In connection with the financing of the above transaction, UDC acquired several parcels of land at a total cost of approximately \$4,000,000, which amount is included in the consolidated statement of assets, liabilities and fund balance caption "Project costs, deferred." UDC expects to recover all of its costs in such parcels of land.

(3) UDC financed a building and certain improvements peculiar to the lessee's business which it leased to a fabricator of precast concrete panels used in highrise building construction. The lease term is for ten years with an option to renew for an additional five years and allows for rental payments to be deferred for the first year. The lease provides for fixed rents covering the cost of the building and improvements (including interest and UDC's development fee) and additional rent based upon the lessee's profits during the lease term. The lessee has an option to purchase the property at a price in excess of UDC's cost. UDC's cost of such leased property at October 31, 1973 is \$2,661,000. The site is collateral for a \$600,000 first mortgage held by a third party, which is the lessee's obligation. This project does not meet UDC's income recognition criteria and accordingly UDC's net fee and interest income for such project (\$283,000) has not been recognized as at October 31, 1973.

In connection with the aforementioned lease, UDC had contracted for the purchase of approximately \$19,000,000 of concrete panels from the lessee for approximately 2500 dwelling units. UDC currently has under construction, projects containing 989 units which are utilizing such panels. Substantially all of the panels necessary for the completion of projects containing 725 out of 989 units have been fabricated. UDC has learned that the lessee has incurred and continues to incur significant financial losses and that required additional financing may not be available. If the lessee's present financial difficulties are not resolved and the lessee cannot continue in business, UDC expects to (i) incur a loss for which a reserve has been provided in FY 1973 and (ii) be relieved of its purchase commitment. UDC's current estimate of its possible loss with regard to the above transaction is \$1,750,000. The adequacy of such reserve, of which \$550,000 and \$1,200,000 are included in reserve for possible project losses and reserve for possible losses on leased projects, respectively, will depend upon the eventual outcome of this matter.

Note G—Mortgage Loans and Advances Receivable:

(1) Mortgage loans and advances receivable are comprised of:

	October 31,	
	<u>1973</u>	<u>1972</u>
Residential project first mortgage loans	\$ 74,205,000	
Residential project first mortgage advances	397,488,000	\$233,802,000
Non-residential project mortgage loan advances	360,000	364,000
Purchase money mortgage receivable (12% subordinated note due July 1975)	1,330,000	1,330,000
Interest receivable from housing companies	1,804,000	—
	<u>475,187,000</u>	<u>235,496,000</u>
Less: Reserve for possible loan and mortgage losses . . .	(4,700,000)	(800,000)
	<u><u>\$470,487,000</u></u>	<u><u>\$234,696,000</u></u>

(2) For its residential projects, UDC's mortgage loans normally cover 95% of total project cost. The loans are generally collateralized by a first lien on the mortgaged property and generally provide for repayment over a 40-year period commencing after project completion and rent-up. These mortgages are without recourse against the borrower and UDC's remedies on default are foreclosure and repossession of the related property, or without foreclosure, assumption by UDC of management control of the project. Through October 31, 1973, these loans normally provide for interest at 7% per annum plus a Lending Agency Charge of ½ % per annum. See Notes B(2) and B(3).

The remaining 5% of residential project costs is provided by private equity financing. Such amount is generally provided during the course of construction (pre November 1, 1972 transactions) or at the time of substantial completion (post November 1, 1972 transactions). Unconditional, irrevocable bank letters of credit for the amount of such equity financing required are generally obtained at the time of project sale or lease. Such equity financing is usually provided by investors seeking, among other things, certain tax advantages presently available under Federal tax laws. Equity financing, where required, has been provided or committed for substantially all residential projects that were completed or under construction beyond excavation and foundation work as at October 31, 1973.

Certain of those tax advantages provided under the present law are due to expire after January 1, 1975. Various proposals introduced by the Administration and by Congress would eliminate other significant tax advantages all of which could adversely affect UDC's ability to attract private equity investment for its projects and charge certain fees.

(3) In a number of residential projects for which construction was completed in 1972 and 1973, taking projected rent and expense increases into account, it appears that operating losses may be sustained for the first few years. The ability to raise rents in substantially all of such residential projects is subject to HUD approval. It appears likely that additional funds presently projected at \$3,200,000 will have to be invested in the projects so that operating expenses and debt service on UDC's mortgages can be met when due. While such losses, if any, are the responsibility of the project owner, the mortgages are without recourse against the owner. UDC will seek additional capital contributions from the project owners to provide the funds necessary to fund the aforementioned deficiencies or other similar ones that may arise, but has no assurance of being able to do so. To the extent that the additional capital contributions are not provided to cover the projected deficiencies, UDC may provide the additional required funds. UDC is not presently able to assure recovery of any funds it may expend with respect to such projected deficiencies.

(4) For the year ended October 31, 1972, UDC had established a reserve of \$800,000 to provide for possible losses on loans and advances plus interest and for possible construction cost over-runs which might be borne by UDC subsequent to the date of project sale. During FY 1973, \$3,900,000 was provided for such reserve. The reserve at October 31, 1973, includes \$2,600,000 for possible losses on mortgage loans and advances, computed at ½ % per annum of such loans and advances. The remainder, \$2,100,000, provides for possible losses on construction cost over-runs based upon a review of the status of each project. More experience will be required to provide a basis for evaluating the adequacy of this reserve.

(5) As at October 31, 1973 and 1972, eight and ten projects, respectively, that had been sold, with aggregate mortgage advances of approximately \$21,700,000 (1973) and \$21,500,000 (1972) did not meet UDC's income recognition criteria set forth in Note B(2). Accordingly, \$1,986,000 (1973) and \$3,385,000 (1972) of fees and interest income (net of related expenses of \$1,533,000 (1973) and \$979,000 (1972)) applicable to such projects are deferred and included in the accompanying consolidated statements of assets, liabilities and fund balance in "Deferred revenues—net".

(6) In 1971, UDC filed a claim in the proceedings for the reorganization of Penn Central Transportation Company (Penn Central) for an unliquidated amount and petitioned the reorganization court (U.S. District Court

for the Eastern District of Pennsylvania) for equitable relief concerning the system-wide mortgages which encumber real property in Niagara Falls, New York, sold to UDC by Penn Central and now the site of two UDC residential projects, both of which are substantially completed and being occupied.

On May 10, 1972, the District Court ordered the relief which UDC had sought in the above-mentioned litigation. On October 16, 1972, the U.S. Court of Appeals for the Third Circuit reversed the lower court order. During the year ended October 31, 1971, UDC transferred the first project to an outside developer, and agreed, in the event of foreclosure by the mortgage trustees to repurchase the developer's equity in such project.

As at October 31, 1973, UDC had deferred recognition of income, net of expenses, relating to the first project in the amount of \$423,000. Included in the caption "Mortgage loans and advances receivable" is \$5,531,000 applicable to the first project, and in the caption "Project costs, deferred" is \$4,795,000 applicable to the second project.

It now appears that final resolution of this matter will depend on disposition of other aspects of the above-mentioned reorganization proceedings and perhaps on proceedings under the Regional Rail Reorganization Act of 1973 as well and may not be known for several years. Total estimated development costs of the two projects is \$11,500,000. The amounts of the system-wide mortgages which encumber these projects greatly exceed the cost or value of the projects, and UDC could lose its entire investment in the projects if an adverse decision were rendered in the reorganization proceeding. UDC does not expect an adverse decision to be rendered; accordingly, no reserve has been established for possible losses with respect to this matter.

Note H—State Appropriations:

(1) From the inception of UDC's program through October 31, 1973, UDC received \$55,339,000 in first instance (repayable) advances. UDC repaid, pursuant to the then existing agreement with the Director, \$5,534,000 on March 31, 1972, the full amount then due. See Note A(3).

(2) For the year ended October 31, 1973, State regular fund appropriations (nonrepayable) aggregated \$6,976,000 consisting of \$670,000 billed and collected, representing the balance of the 1972-1973 appropriation, \$4,006,000 accrued (of which \$2,627,000 is billed) against the 1973-1974 \$4,500,000 appropriation and \$2,300,000 accrued (of which \$1,426,000 is billed) against the \$3,200,000 appropriation (see Notes A(4) and D(2)).

Note I—General Purpose Bonds and Notes:

(1) UDC's outstanding bond issues at October 31, 1973 are comprised of the following:

	Principal of Bond Issue	Coupon Rate (%)	Maturity Date (c)	Sinking Fund Requirements				Optional Redemption	
				From		Through		Commence- ment Date	Initial Price (b)
				Year	Amount	Year	Amount		
1971 Series A Bonds:									
Serial(a)	\$ 50,000,000	3.5-5.3	1972-1986	—	—	—	—	—	—
Term	200,000,000	6.6	2011	1987	\$3,350,000	2010	\$14,560,000	1986	103%
1972 Series A Bonds. . . .	150,000,000	6.375	2012	1984	1,910,000	2011	10,140,000	1987	103%
1973 Series A Bonds. . . .	200,000,000	6.0	2013	1984	2,390,000	2012	12,190,000	1988	103%
	<u>\$600,000,000</u>								

(a) Serial bonds aggregating \$5,030,000, were retired when due.

(b) Premium is subject to periodic reduction.

(c) The principal amounts due at maturity are: \$15,525,000 (1971 Term bonds), \$10,785,000 (1972 Bonds) and \$24,395,000 (1973 Bonds).

The Bond Resolutions provide, among other matters, that the proceeds of these bond issues, which bonds are general obligations of UDC and not obligations of the State, shall not be used in a manner which will subject the interest thereon to Federal income taxation under (i) Section 103 (c) of the Internal Revenue Code, as amended, ("Code") relating to "industrial development bonds" or (ii) Section 103 (d) of the Code relating to "arbitrage bonds". UDC has obtained rulings from the U.S. Treasury Department relating to the uses which may be made of bond proceeds pursuant to Section 103 (c) of the Code and as to the interest which may be charged on its project loans in accordance with Section 103 (d) of the Code. In the opinion of the Corporation, the proceeds of the 1971, 1972 and 1973 bonds have been used through October 31, 1973, in a manner which would not subject the interest on the Bonds to Federal income taxation, except in the case of any person (bondholder), if any, who is either a substantial user, or is a "related person" with respect to a substantial user, of any facility provided from the bond proceeds, all as defined in the Code.

Furthermore, in accordance with the Bond Resolutions and the Act, UDC maintains Debt Service Reserve Funds in an amount equal to the maximum amount of principal (including sinking fund payments) and interest maturing and becoming due in any succeeding calendar year with respect to its 1971 Bonds in the amount of \$17,920,000 and with respect to all other Bonds issued prior to October 31, 1973 in the amount of \$25,883,000.

The Act provides, among other matters, that the State shall annually apportion and pay to the Corporation the amount, if any, required to restore the Debt Service Reserve Funds to an amount as computed under the aforementioned formula, based upon the certification by the Chairman of the Corporation to the Governor and the Director. Such apportionment, if any, is subject to appropriation by the State Legislature. No such certification and request has been made.

The Act makes no provision for a Debt Service Reserve Fund or State apportionment of funds to secure or repay notes of UDC.

Bond discount and expenses deferred in connection with the issuance of the Bonds are being amortized over the terms of the related bonds.

A summary as at October 31, 1973, of UDC's debt service obligation through October 31, 1978, for the 1971, 1972 and 1973 Series A General Purpose Bonds is as follows:

Debt Service Obligation in (a)	Total		1973 Series A Bonds (b)	1972 Series A Bonds (b)	1971 Bonds	
	Principal	Interest	Interest	Interest	Principal	Interest
Year ending October 31:						
1974	\$ 2,645,000	\$ 36,832,000	\$12,000,000	\$ 9,563,000	\$ 2,645,000	\$15,269,000
1975	2,740,000	36,731,000	12,000,000	9,563,000	2,740,000	15,168,000
1976	2,850,000	36,619,000	12,000,000	9,563,000	2,850,000	15,056,000
1977	2,965,000	36,495,000	12,000,000	9,563,000	2,965,000	14,932,000
1978	3,095,000	36,359,000	12,000,000	9,563,000	3,095,000	14,796,000
	<u>\$14,295,000</u>	<u>\$183,036,000</u>	<u>\$60,000,000</u>	<u>\$47,815,000</u>	<u>\$14,295,000</u>	<u>\$75,221,000</u>

(a) Excludes repayment of \$75,000,000 Bond Anticipation Notes due July 18, 1974 and repayment of \$100,000,000 Bond Anticipation Notes due October 3, 1974, plus interest thereon and the debt service obligations on the \$100,000,000 1973 Series B Bonds dated December 1, 1973 (see Note I(2) below).

(b) Principal payments commence in 1984.

(2) On July 19, 1973, UDC issued \$75,000,000 of bond anticipation notes due July 18, 1974, bearing interest at an average rate of 6.05%. On October 4, 1973 the Corporation issued \$100,000,000 of bond anticipation notes due October 3, 1974, bearing interest at an average rate of 5.79%. The corporation has agreed to issue its bonds to the extent necessary to retire the notes or renewals thereof.

On January 3, 1974, the Corporation sold its 1973 Series B Bonds in an aggregate amount of \$100,000,000. These term bonds are due in 2013 and bear interest at 6½% per annum. These bonds are subject to prior mandatory redemption in accordance with sinking fund requirements commencing on December 1, 1984 through December 1, 2012 in increasing annual amounts from \$1,155,000 (1984) to \$6,750,000 (2012) with \$7,190,000 due at maturity. The Corporation deposited \$7,637,000 of the proceeds from this issue into the 1972 debt service reserve fund. The bonds were sold at a discount of 1½% which will be amortized over the life of the issue.

(3) At December 31, 1973, UDC had completed or under construction projects with an aggregate estimated cost of completion of approximately \$1,375,000,000 of which the portion that has been and is to be financed by UDC on a long-term basis approximates \$1,255,000,000. Substantially all of this amount is expected to have been expended by the end of FY 1976. In addition to the financing required for this construction, UDC has deposited and within the next three years expects to deposit a total of approximately \$120,000,000 in debt service reserve funds securing UDC bonds, and by the end of the same period expects to have expended a total of approximately \$145,000,000 to meet other requirements of its operations and program, including debt service, (other than expenditures on projects) not covered by operating revenues and state appropriations. Such amounts exclude the financing requirements relating to projects and portions of new communities which are not in construction at December 31, 1973. UDC expects to start construction of projects in 1974 which will increase these financing requirements.

Note J—Retirement Plan:

UDC is a member of the New York State Employees' Retirement System and, accordingly, has recorded provisions for retirement costs of \$1,762,000 and \$1,459,000 in 1973 and 1972, respectively. The portions of such amounts applicable to payroll charged to project costs, deferred (see Note B(1)) have likewise been deferred.

Note K—Commitment, Contingencies and Other Elements

(1) UDC has entered into various contracts relating to the purchase of land and to the development of projects, as well as agreements to provide mortgage financing for projects under construction. The unpaid balances under such contracts and agreements as at October 31, 1973 are summarized as follows:

Agreements Relating to:

Purchase of land	\$ 7,000,000
Planning, evaluation, design and initial development costs	25,000,000
Construction costs and related mortgage financing for projects under construction	597,000,000
Other	6,000,000
	<u>\$635,000,000</u>

Included above is approximately \$350,000,000 which UDC is committed to advance at a combined annual interest and lending agency charge of approximately 7½% under existing project mortgage commitments.

UDC's intended development of various projects, including new communities, will involve amounts (not yet contracted for) substantially in excess of the foregoing, and will require substantial additional borrowings.

(2) As at October 31, 1973, UDC has commitments under leases, substantially for office space, expiring through 1984 providing for minimum rentals plus amounts based upon increases in real estate taxes, etc. The minimum rentals payable are summarized as follows:

FY 1974.....	\$ 928,000
1975.....	610,000
1976.....	114,000
1977.....	72,000
1978.....	72,000
1979-1984	324,000
	<u>\$2,120,000</u>

(3) UDC has been named as a defendant in several legal actions with respect to its undertaking of specific projects. In several instances the projects are actually under construction, others are in preliminary development stages, while still others are in an exploratory stage, not yet ready for any determination as to whether the particular undertaking is feasible. The allegations in the several complaints in these actions raise questions relating to the constitutionality of certain provisions of the UDC Act and of actions taken by UDC thereunder and to UDC's compliance with the provisions of the Act and of certain Federal and State statutes. In addition, UDC has been named as a defendant in litigation arising in the normal course of its business. Except for the matter discussed in Note G(6), UDC believes either that it will prevail in such litigation or that any adverse decision therein would not have a material adverse effect on its financial position.

(4) On December 23, 1969, UDC entered into a lease with the City of New York ("City") under which UDC leased Roosevelt (formerly Welfare) Island for a 99-year period. The lease provides, among other matters, for (i) UDC to arrange for the preparation of plans for, and construction of, certain improvements on Roosevelt Island over an eight-year period (subject to extension in the event of delay in operational completion of the subway under construction linking Roosevelt Island to Manhattan and Queens), (ii) an obligation by the City to relocate existing tenants of Roosevelt Island and demolish certain existing buildings, and (iii) a rental based upon the quantity and nature of improvements to be constructed by UDC or its sublessees and the rentals received from sublessees of UDC. The rentals will not be determinable until improvements have been completed and become revenue-producing. In connection with the development plan for the Island, the cost of public facilities (e.g., roads, parks, etc.) incurred by UDC is to be recovered from rentals otherwise payable to the City. Services in carrying out the development program are being performed by the Roosevelt Island Development Corporation, all the stock of which is owned by UDC and whose eighteen-man board of directors includes officials of UDC and the City and seven independent citizen members jointly nominated by UDC and by the City.

ACCOUNTANTS' REPORT

To the Directors
New York State Urban Development Corporation
New York, New York

We have examined the consolidated statement of assets, liabilities and fund balance of New York State Urban Development Corporation and subsidiaries as at October 31, 1973 and the related consolidated statements of operations and of sources and uses of cash for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

There are uncertainties, as set forth in Note E, relating to the receipt of subsidies necessary for the economic feasibility of various of the Corporation's projects. These uncertainties principally arise from the existence of unsatisfied conditions to obtaining subsidy contracts for a number of projects although the Corporation has administrative assurances that subsidies are available. Subsequent to the issuance of the prior year's financial statements, there has been a significant reduction in the number of projects subject to these uncertainties; however, the costs applicable to the remaining projects are material.

There are various other uncertainties also giving rise to possible nonrecoverability of certain amounts of mortgage loans and advances receivable, project costs and unsecured project development fees receivable as set forth in Notes C, D, F and G. We are presently unable to evaluate the effect of the uncertainties referred to in this and the preceding paragraphs on the adequacy of the reserves for possible losses as described in those Notes. In addition, as set forth in Notes A(2) and A(4), the Corporation is dependent upon obtaining substantial additional funds in carrying out its program.

Because of the materiality of the uncertainties relating to the receipt of the required amounts of subsidies and relating to the other matters referred to in the preceding paragraphs, we do not express an opinion on the accompanying consolidated statement of assets, liabilities and fund balance of the Corporation and subsidiaries as at October 31, 1973 taken as a whole and on the related consolidated statement of operations for the year then ended. However, with respect to all accounts other than "mortgage loans and advances receivable—net of reserve", "project costs, deferred—net of reserve", "reserve for possible losses on leased projects", the unsecured portion of the "project development fees receivable" and the "fund balance" as at October 31, 1973, it is our opinion that the accompanying consolidated statement of assets, liabilities and fund balance as at October 31, 1973 has been prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion, the accompanying consolidated statement of sources and uses of cash for the year ended October 31, 1973 presents fairly the data shown therein in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

New York, New York
January 28, 1974

Credits

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